OpenDNA Limited

ABN 14 613 410 398

Annual Report
30 June 2019

Contents

Corporate information

ABN 14 613 410 398

Directors

G Pestell	*Non-Executive Chairman*
E Cross	*Non-Executive Director*
W Barry	*Executive Director*
B Carr	*Chief Executive Officer and Managing Director*

Company secretary
P Torre

Registered office
Unit B9, 1st Floor
431 Roberts Road
Subiaco WA 6000

Tel: +61 (8) 6444 1702

Principal place of business
506 Hay Street
Perth WA 6000
08 9381 2697

Share register
Computershare Investor Services Pty Limited
Level 11, 172 St Georges Terrace
Perth WA 6000

Tel: +61 (8) 9323 2000

Solicitors
Murcia Pestell Hillard
Suite 183, Level 6
580 Hay Street
Perth WA 6000

Bankers
National Australia Bank
Level 14, 100 St Georges Terrace
Perth WA 6000

Auditors
HLB Mann Judd
Level 4, 130 Stirling Street
Perth WA 6000

Securities Exchange Listing
OpenDNA Limited shares are listed on the Australian Securities Exchange (ASX: OPN)

Website address
www.opendna.ai

Directors' report

Your directors present their report on the consolidated entity (referred to hereafter as the 'Group') consisting of OpenDNA Limited ('OpenDNA' or the 'Company') and the entities it controlled at the end of, or during, the year ended 30 June 2019. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of directors who held office during or since the end of the year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

G Pestell LL.B.
Non-Executive Chairman
Experience and expertise
Independent non-executive chairman since July 2016. Founding director of Murcia Pestell Hillard solicitors, who act for the Company. Over 20 years' experience in commercial litigation, corporate and commercial law with extensive experience advising both listed and private companies particularly in the Information & Technology, Energy Resources and Mining Resources Industries; and Managing Director of Murcia Pestell Hillard since 2000.

Other current listed directorships
None.

Former listed directorships in the last 3 years
ASG Group Limited from May 2014 to December 2016.

Interests in shares and options
5,726,626 ordinary shares in OpenDNA.
8,500,000 options over ordinary shares in OpenDNA.

E Cross B. Bus, FAICD.
Non-Executive Director
Experience and expertise
Independent non-executive director since July 2016. A career corporate adviser with more than 30 years' experience in corporate finance, investment banking and mergers and acquisitions. Mr Cross has also held executive director roles in a number of private and ASX-listed companies across a wide range of industries including technology, healthcare, mining and food and beverage.

Other current listed directorships
Dreamscape Networks Limited, since April 2016.

Former listed directorships in the last 3 years
MyFiziq Limited from October 2014 to October 2016.
Activistic Limited from July 2015 to April 2017.
Ephraim Resources Limited from January 2017 to June 2017.

Interests in shares and options
971,969 ordinary shares in OpenDNA.
3,000,000 options over ordinary shares in OpenDNA.

Directors' report (continued)

Directors (continued)

Warren Barry BSC, MBA.
Executive Director appointed 20 December 2018
Experience and expertise
Warren has been involved in the digital space for over 22 years and has been actively involved in taking several companies to ASX listing. He has setup and sold several digital agencies over the years as well as being a former CEO of publicly listed Company Gruden. Warren has a BSC from UNSW and a MBA from UWA. Warren's key area of focus is developing online strategies for companies but also working with them on developing ways to commercialise and monetise their digital footprint. Over his journey to date, Warren has worked with very high-profile clients including Telstra, AFL, CUB, Betta, Sydney Airports, Adelaide Airports, Curves Gym, Shop a Docket, Sealink and The Agency to name a few.

Other current listed directorships
None.

Former listed directorships in the last 3 years
None.

Interests in shares and performance shares
7,619,047 ordinary shares in OpenDNA.
15,238,095 performance shares

Bryan Carr BSC.
Managing Director and Chief Executive Officer appointed 2 April 2019
Experience and expertise

Bryan is an experienced ASX public company Managing Director and Chief Executive Officer with extensive operating experience in Australia and China.

He has over 20-years' experience working in technology companies in the private and public company environment where he has developed proven business development skills and comprehensive corporate governance, finance, capital markets and risk management expertise.

In addition to his experience in the Australian corporate environment, Bryan has a highly developed understanding of Asia-based business operations, including 10 years based in China during which time he developed an in-depth understanding of China and Hong Kong's commercial, corporate and regulatory operating requirements.

Other current listed directorships
None.

Former listed directorships in the last 3 years
SmartTrans Holdings Limited from July 2016 to June 2018

Interests in shares and performance shares
3,452,381 ordinary shares in OpenDNA.
6,904,762 performance shares

Directors' report (continued)

Directors (continued)

J Shah BA (Hons).
Non-Executive Director from 20 December 2018 and resigned 2 April 2019
Managing Director and Chief Executive Officer ceased 20 December 2018
Experience and expertise
Managing director, Chief Executive Officer and founder of the Company. Business leader and digital strategist who has launched and led business ventures in various jurisdictions. Founded and served as CEO of five companies involved in software development (CMS), VoIP, Mobile telecoms and a technology incubator in the UK.

Other current listed directorships
None.

Former listed directorships in the last 3 years
None.

Interests in shares
32,338,332 ordinary shares in OpenDNA.

Company Secretary
The company secretary is P Torre CA, AGIA, MAICD. Mr Torre was appointed to the position of company secretary in March 2017. Mr Torre is the principal of Torre Corporate, a specialist corporate advisory firm providing corporate secretarial services to a range of listed companies.

Principal Activities
The entity's principal activities are focussed on the sale and deployment of its patent-pending artificial intelligence system.

Review of Operations

The 2018/19 year was transformational for OpenDNA with the Company commercialising applications for its Artificial Intelligence System ("AIS") and Machine Learning platform, while growing revenue and its customer base.

The Company completed the acquisition of RooLife Limited ("RooLife"), CHOOSE Digital Pty Ltd ("CHOOSE Digital") in December 2018 and most recently (in April 2019) Blackglass Pty Ltd ("Blackglass") and incorporated OpenDNA's AIS into the products and services provided by these companies.

The OpenDNA group now provides fully integrated digital marketing and customer acquisition services focused on driving online sales of products and services by better understanding the customer and provides these services to a growing list of companies and brands.

The Company's fully integrated digital marketing capabilities focus on the development and implementation of customer acquisition strategies, helping businesses make the most of their online positioning.

The Company has expanded its digital services and capability to work with businesses to market their products online and grow brand awareness and sales in Australia and China.

Through personalised, real-time, targeted marketing focussed on driving sales in Australia and also in China via the Company's Roolife online e-Commerce marketplace, OpenDNA assists businesses to sell directly to Chinese consumers, processing payment via the WeChat and Alipay mobile payments platforms.

Commencing in December 2018 OpenDNA has been able to rapidly build a diverse, high-quality customer base with multiple revenue streams which are expected to contribute to the growth and reach of the Company's operations in both Australia and China.

The Company provides Australian businesses with access to Mandarin-language mobile shopping platforms with integrated China-specific mobile payment processing via WeChat or AliPay with enhanced customer intelligence provided by OpenDNA's AIS and machine-learning platform.

Directors' report (continued)

Review of Operations (continued)

OpenDNA is able to seamlessly process the purchase of products and services from WeChat and Alipay made by Chinese in Australia in AUD or CNY, optimising the Company's position with foreign exchange transactions.

The service optimises transactions between RooLife's merchants and customers in Australia, delivering fast settlement, via an Australian domestic funds transfer to the merchant's Australian account in AUD from WeChat and Alipay payment transactions made by Chinese when in Australia.

Utilising OpenDNA's AIS, RooLife's e-Commerce platforms are able to continuously assess and refine the products offered to customers and gather intelligence about customers' preferences and buying habits.

With the integration of OpenDNA's AIS the Company is positioned to build unrivalled customer intelligence and access to new customer opportunities across multiple industry sectors to drive further revenue growth.

In April 2019, the Company announced the acquisition of digital marketing company, Blackglass, extending the Group's digital marketing expertise and capability to service the online marketing, customer acquisition and profiling requirements of its customers and the Company's own RooLife business.

The Company rationalised the Group's operations and geographic footprint and has now established offices in Sydney, Perth, Singapore and China focussed on servicing its clients' requirements in these jurisdictions.

In the last six months of the financial year OpenDNA entered into agreements with a number of pharmaceutical and skincare product providers to sell well- known and widely distributed products from Australian manufacturers into China. These products are sold widely through pharmacies in Australia and are expected to have strong market appeal in China through the RooLife platforms.

OpenDNA's RooLife provides all requirements for brands to sell their products in China including licencing, marketing, logistics, payment collection, processing and is able to provide valuable intelligent insights into customer buying behaviour.

In May, the Company appointed a distributor in China for the sale and distribution of its Artificial Intelligence and Machine Learning technology targeting e-Commerce applications.

During the year the Company developed its e-Commerce Artificial Intelligence Recommendation Engine, Daishu, which is used in its RooLife e-Commerce platform. Daishu is designed to optimise sales by making the most appropriate recommendations to online shoppers while providing valuable insights for its customers into consumer preferences and behaviours. This is invaluable to help profile the brand segments and products most suitable and in demand with online consumers and generate ongoing and recurring purchases.

The platform is expected to have wide application in China where consumers are early and eager tech adopters, which is reflected by smartphone penetration rates across China and the high percentage of sales which occur on mobile devices in China.

In the 2019/20 financial year OpenDNA is aiming to develop and grow its customer base across multiple industry verticals, expanding the application of its digital marketing, AI and e-Commerce capabilities both in Australia and China.

The Company is aiming to continue to:

- Grow the high-quality customer base for its digital services in Australia;
- Expand its digital services in China;
- Assist Australian businesses and brands to successfully enter the China market; and
- Develop strategic sales partnerships in key verticals including Tourism & Airports, Diagou and Student channels and Online and Retail sales.

Operating results for the year

The Group has recorded a net loss after tax of $3,309,485 (30 June 2018: net loss after tax of $3,967,854).

Directors' report (continued)

Review of financial position

The net assets of the Group as at 30 June 2019 were $5,250,974 (30 June 2018: $2,666,368), comprised of the following key items:

- Cash and cash equivalents $2,093,478 (30 June 2018: $669,840); and
- Intangible assets of $3,616,597 (30 June 2018: $2,302,351).

Significant changes in the state of affairs
Other than disclosed elsewhere in this report, there have been no significant changes in the state of affairs of the Group to the date of this report.

Dividends
No dividends have been paid or declared since the start of the financial year and the directors do not recommend the payment of a dividend in respect of the financial year.

Significant events after balance date
There has not been any matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

Likely developments and expected results
Disclosure of information regarding likely developments in the operations of the Group in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Group. Therefore, this information has not been presented in this report.

Directors' Meetings
The number of board meetings of the Company's board of directors held during the year ended 30 June 2019, and the number of meetings attended by each director are set out below. As set out in the Company's Corporate Governance Statement, the Company does not currently have any fully constituted committees, however, matters typically dealt with by an Audit and Risk Committee, and a Remuneration and Nomination Committee are dealt with in full board meetings as and when required.

	Board Meetings
Number of meetings held:	14
Number of meetings attended:	
G Pestell	14
J Shah [1]	12
E Cross	14
W Barry [2]	4
B Carr [3]	1

[1] Resigned 2 April 2019; 12 meetings held whilst a director
[2] Appointed 20 December 2018; 4 meetings held whilst a director
[3] Appointed 2 April 2019; 1 meeting held whilst a director.

Other matters of Board business have been resolved by circular resolution of directors, which are a record of decisions made at a number of informal meetings of the directors held to control, implement and monitor the Company's activities throughout the year.

Directors' report (continued)

Interests in the shares, options and performance shares of the Company and related bodies corporate

At the date of this report, shares, options, convertible notes and performance rights granted to Directors of the Company and the entities it controlled are:

Directors	Fully paid ordinary shares Number	Share options Number	Performance shares Number
G Pestell	5,726,626	8,500,000	-
J Shah	32,338,332	-	-
E Cross	971,969	3,000,000	-
W Barry	7,619,047	-	15,238,095
B Carr	3,452,381	-	6,904,762
	50,108,355	11,500,000	22,142,857

Unissued shares under option

At the date of this report unissued ordinary shares of the Company under option are:

Date options granted	Number of shares under option	Exercise price of option	Expiry date of option
9 September 2016	4,500,000	$0.30	9 September 2019
9 September 2016	3,000,000	$0.35	30 June 2021
9 September 2016	3,000,000	$0.40	30 June 2023
11 November 2016	2,000,000	$0.30	11 November 2020
18 January 2017	1,800,000	$0.30	18 January 2020
18 January 2017	600,000	$0.35	18 January 2021
18 January 2017	600,000	$0.40	18 January 2022
28 September 2018	7,214,307	$0.05	31 October 2021
23 November 2018	53,500,000	$0.05	31 October 2021
1 February 2019	10,000	$0.05	31 October 2021
13 May 2019	16,666,667	$0.05	31 October 2021
28 June 2019	11,333,333	$0.05	31 October 2021
	104,224,307		

Shares issued during or since the end of the year as a result of exercise
No ordinary shares have been issued by the Company during or since the end of the financial year as a result of the exercise of an option.

Remuneration report
The Remuneration Report, which forms part of the Directors' report, outlines the remuneration arrangements in place for the Key Management Personnel of the Group for the financial year ended 30 June 2019 and is included on page 9.

Environmental legislation
The Group is not subject to any significant environmental legislation.

Directors’ report (continued)

Indemnification and insurance of Directors and Officers
The Company has agreed to indemnify all the directors of the Company for any liabilities to another person (other than the Company or related body corporate) that may arise from their position as directors of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith.

During the financial year the Company paid a premium in respect of a contract insuring the directors and officers of the Company and its controlled entities against any liability incurred in the course of their duties to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Non-Audit Services
Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 22 to the financial statements. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services do not compromise the auditor’s independence as all non-audit services have been reviewed to ensure that they do not impact the impartiality and objectivity of the auditor and none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110: *Code of Ethics for Professional Accountants* issued by the Accounting Professional & Ethical Standards Board.

Auditor Independence and Non-Audit Services
Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the audit of the annual report. This Independence Declaration is set out on page 20 and forms part of this directors’ report for the year ended 30 June 2019.

Proceedings on behalf of the Company
No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

Signed in accordance with a resolution of the directors.

B. E. Carr.

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Bryan Carr
Chief Executive Officer and Managing Director
Perth, 5 September 2019

Remuneration report

This report, which forms part of the directors' report, outlines the remuneration arrangements in place for the key management personnel ("KMP") of OpenDNA Limited for the financial year ended 30 June 2019. The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

The remuneration report details the remuneration arrangements for KMP who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Group.

Key Management Personnel

The directors and other key management personnel of the Group during or since the end of the financial year were:

Directors	
G Pestell	Non-Executive Chairman
E Cross	Non-Executive Director
W Barry	Executive Sales Director (appointed 20 December 2018)
B Carr	Managing Director and Chief Executive Officer (appointed 2 April 2019)
Jay Shah	Non-Executive Director (ceased employment 2 April 2019)
Executives	
G Irwin	Chief Technical Officer
R Jarvis	Chief Financial Officer (ceased employment 31 March 2019)
J Gray	Chief Financial Officer (appointed 7 March 2019)

Except as noted, the named persons held their current positions for the whole of the financial year and since the financial year.

Remuneration philosophy
The performance of the Company depends upon the quality of the directors and executives. The philosophy of the Company in determining remuneration levels is to:

- set competitive remuneration packages to attract and retain high calibre employees;
- link executive rewards to shareholder value creation; and
- establish appropriate, demanding performance hurdles for variable executive remuneration.

Other than the performance bonus scheme applicable to certain employees, remuneration is not linked to Group performance.

Remuneration Committee
The Company does not have a separate remuneration committee until such time as the board is of a sufficient size and structure, and the Company's operations are of a sufficient magnitude for a separate committee to be of benefit to the Company.

The full board carries out the duties that would ordinarily be assigned to that committee, ensuring that the level and composition of remuneration provided to attract and retain high quality directors and employees is commercially appropriate and targeted to align with the interests of the Company whilst not resulting in a conflict with the objectivity of its independent directors.

The board of directors of the Company is responsible for determining and reviewing compensation arrangements for the directors, the CEO and the executive team.

The board assesses the appropriateness of the nature and amount of remuneration of directors and executives on a periodic basis by reference to relevant employment market conditions with an overall objective of ensuring maximum stakeholder benefit from the retention of a high-quality Board and executive team.

Remuneration structure
In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

Use of remuneration consultants
No external remuneration consultants were used in the year. However, the board is satisfied that remuneration levels are made free from undue influence from any members of key management personnel.

Remuneration report (continued)

Non-executive director remuneration
The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The Constitution of the Company provides that the directors may determine the remuneration of directors prior to the first annual general meeting of the Company. The fees determined by the directors are set out below. The ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. The Company will seek the approval of shareholders in the event the directors' fees are increased beyond the levels stated.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors will be reviewed annually. The Board may consider advice from external shareholders as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Each Director receives a fee for being a director of the Company. An additional fee will also be paid for each board committee on which a director sits when such board committees are established. The payment of additional fees for serving on a committee recognises the additional time commitment required by directors who serve on one or more sub committees.

The Company has entered into non-executive director contracts for services with each of Messrs Pestell and Cross. Each such contract is on broadly similar terms, which include the following:

- Term: Continuation of appointment is subject to and contingent upon the fulfilment of the obligations of a non-executive director under the ASX Listing Rules, the Constitution of the Company and the Corporations Act, and the successful re-election by the Company shareholders.

- Fixed fee:

  - Mr Pestell: A$65,000 per annum plus superannuation;

  - Mr Cross: A$45,000 per annum plus superannuation; and

  - Mr Shah: A$45,000 per annum (from 20 December 2018 and ceased employment 2 April 2019)

The non-executive directors may be entitled to such additional fees or other amounts as the board determines (in its absolute discretion) where performing special duties or otherwise performing services outside the scope of the ordinary duties of a director.

The non-executive directors may also be reimbursed for out of pocket expenses incurred as a result of their respective directorships or any special duties upon production of the relevant receipts, provided however that any individual expense exceeding $2,000 must not be incurred without the prior written consent of the board.

Role: The non-executive directors are expected to attend regular board meetings involving a minimum commitment of 10 hours per month, as well as attending the annual general meeting of the Company and informal meetings, and consider general correspondence from time to time.

Executive director and senior manager remuneration
Remuneration consists of fixed remuneration and variable remuneration (comprising short-term and long-term incentive schemes).

<u>Fixed Remuneration</u>
Fixed remuneration is reviewed annually by the board. The process consists of a review of relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices. The board has access to external, independent advice where necessary.

Senior managers are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Group. The fixed remuneration component is detailed in the Key Management Personnel remuneration table for the year ended 30 June 2019.

Remuneration report (continued)

Variable Remuneration

The objective of the short-term incentive program is to link the achievement of the Group's operational targets with the remuneration received by the executives charged with meeting those targets. The total potential short-term incentive available is set at a level so as to provide sufficient incentive to the senior manager to achieve the operational targets and such that the cost to the Group is reasonable in the circumstances.

The aggregate of annual payments available for executives across the Group is subject to the approval of the board. The Company also makes long term incentive payments to reward senior executives in a manner that aligns this element of remuneration with the creation of shareholder wealth.

Executive Director Consultancy Agreements

(a) Managing Director and Chief Executive Officer

The terms and conditions of the employment contract entered into between the Company and Mr Carr are as follows:

Commencement date:	20 December 2018;
Term:	The consultancy agreement continues until either party terminates by giving the other not less than six months' prior notice in writing;
Fixed fee:	$246,375 per annum (from 1 July 2019 $273,750 per annum), reviewable annually;
Equity incentivisation:	Mr Carr has received Performance Shares (as set out in the below table) as incentivisation. The conversion of the Performance Shares is conditional upon the achievement of certain milestones, (each Performance Share converts to one fully paid ordinary share upon conversion);
Performance bonus scheme:	Subject to meeting key performance measures, which will be set by the board, the CEO will be eligible every 12 months for a lump sum bonus payment of up to 50% of base fee, payable as either cash or fully paid shares in the capital of the Company;
Intellectual property:	Mr Carr acknowledges that the Company is the exclusive owner of all rights, title and interest in all intellectual property created by the CEO within the course of his consultancy services; and
Non-solicitation:	Mr Carr will not, for a period of 24 months after termination of consultancy agreement, solicit any customer or employee of the Group (other than in connection with businesses which are not competitive with those operated by the Group).

(b) Executive Sales Director

The terms and conditions of the employment contract entered into between the Company and Mr Barry are as follows:

Commencement date:	20 December 2018;
Term:	The consultancy agreement continues until either party terminates by giving the other not less than six months' prior notice in writing;
Fixed fee:	$246,375 per annum (from 1 July 2019 $273,750 per annum), reviewable annually;
Equity incentivisation:	Mr Barry has received Performance Shares (as set out in the below table) as incentivisation. The conversion of the Performance Shares is conditional upon the achievement of certain milestones, (each Performance Share converts to one fully paid ordinary share upon conversion);
Performance bonus scheme:	Subject to meeting key performance measures, which will be set by the board, the Executive Sales Director will be eligible every 12 months for a lump sum bonus payment of up to 50% of base fee, payable as either cash or fully paid shares in the capital of the Company;
Intellectual property:	Mr Barry acknowledges that the Company is the exclusive owner of all rights, title and interest in all intellectual property created by the Executive Sales Director within the course of his consultancy services; and
Non-solicitation:	Mr Barry will not, for a period of 24 months after termination of consultancy agreement, solicit any customer or employee of the Group (other than in connection with businesses which are not competitive with those operated by the Group).

Remuneration report (continued)

Other Key Management Personnel Employment Contracts

(a) Prior Managing director’s contract (ceased employment contract 20 December 2018 and became Non-Executive Director)

The terms and conditions of the employment contract entered into between the Company and Mr Shah are as follows:

Commencement date:	19 September 2016;
Probation period:	Not applicable;
Term:	The employment contract continues until either party terminates by giving the other not less than six months' prior notice in writing;
Remuneration:	US$280,000 per annum, reviewable annually;
Equity incentivisation:	Mr Shah has received Performance Shares (as set out in the below table) as incentivisation. The conversion of the Performance Shares is conditional upon the achievement of certain milestones, (each Performance Share converts to one fully paid ordinary share upon conversion);
Performance bonus scheme:	Subject to meeting key performance measures, which will be set by the board, the CEO will be eligible every 12 months for a lump sum bonus payment of up to 25% of base salary, payable as either cash or fully paid shares in the capital of the Company;
Intellectual property:	Mr Shah acknowledges that the Company is the exclusive owner of all rights, title and interest in all intellectual property created by the CEO within the course of his employment; and
Non-solicitation:	Mr Shah will not, for a period of 24 months after termination of employment, solicit any customer or employee of the Group (other than in connection with businesses which are not competitive with those operated by the Group).

(b) Chief Technical Officer’s contract

The terms and conditions of the employment contract entered into between OpenDNA (Singapore) Limited and Mr Irwin are as follows:

Commencement date:	1 June 2015;
Term:	The employment contract continues until either party terminates by giving the other not less than six months' prior notice in writing;
Remuneration:	US$150,000 per annum, reviewable annually;
Equity incentivisation:	Mr Irwin will receive incentive Options and Performance Shares (as set out in the below tables) the conversions of which are conditional upon the achievement of certain milestones (each Performance Share and Option converts to one fully paid ordinary share upon conversion);
Intellectual property:	Mr Irwin acknowledges that all intellectual property rights (including moral rights to any associated copyright) and inventions created by him in the course of his employment with OpenDNA Singapore; and
Restraint of outside interests:	Mr Irwin may not, except as a representative of OpenDNA Singapore or with the prior written approval of the Board, have any financial interest in any capacity in other business, trade, profession or occupation. An exception is made to this restraint whereby Mr Irwin may hold an investment of not more than 5% of the total share capital where the company does not carry on a similar business to, or compete with, OpenDNA Singapore.

(c) Chief Financial Officer’s contract

The terms and conditions of the employment contract entered into between the Company and Mrs Gray are as follows:

Commencement date:	7 March 2019;
Term:	The employment contract continues until either party terminates by giving the other not less than three months' prior notice in writing;
Remuneration:	$150,000 per annum plus superannuation for four days per week, reviewable by the Company from time to time;
Performance bonus scheme:	Subject to meeting key performance measures, which will be set by the Board, Mrs Gray will be eligible to participate in the Company’s performance bonus scheme. Mrs Gray’s participation shall be solely within the discretion of the Board;
Intellectual property:	Mrs Gray acknowledges that the Company is the exclusive owner of all rights, title and interest in all intellectual property created by Mrs Gray in the course of his employment; and
Non-solicitation:	Mrs Gray will not, for a period of 24 months after termination of employment, solicit any customer or employee of the Company (other than in connection with businesses which are not competitive with those operated by the Company).

Remuneration report (continued)

Other Key Management Personnel Employment Contracts (continued)

(d) Chief Financial Officer's contract (ceased employment 31 March 2019)

The terms and conditions of the employment contract entered into between the Company and Mr Jarvis are as follows:

Commencement date:	17 October 2016;
Probation period:	Three (3) months;
Term:	Following the probation period, the employment contract continues until either party terminates by giving the other not less than three months' prior notice in writing;
Remuneration:	$275,000 per annum plus superannuation, reviewable by the Company from time to time;
Equity incentivisation:	Unlisted Options will be offered by the Company, as set out in the below tables;
Performance bonus scheme:	Subject to meeting key performance measures, which will be set by the Board, Mr Jarvis will be eligible every 12 months for a lump sum bonus payment of up to 25% of base salary, payable as either cash or fully paid shares;
Intellectual property:	Mr Jarvis acknowledges that the Company is the exclusive owner of all rights, title and interest in all intellectual property created by Mr Jarvis in the course of his employment; and
Non-solicitation:	Mr Jarvis will not, for a period of 24 months after termination of employment, solicit any customer or employee of the Company (other than in connection with businesses which are not competitive with those operated by the Company).

30 June 2019	Short-term employee benefits		Post-employment benefits	Share-based payments		Relative proportions of remuneration of KMP that are linked to performance	
	Salary & fees	Other	Superannuation	Shares / Share options [3]	**Total**	Fixed remuneration	Remuneration linked to performance
	$	$	$	$	**$**	%	%
Directors							
G Pestell	47,450	-	-	65,244	**112,694**	100%	0%
J Shah [1]	166,536	150,179	-	199,637	**516,352**	100%	0%
E Cross	44,231	-	6,769	27,019	**78,019**	100%	0%
W Barry [2]	131,135	61,594	-	-	**192,729**	68%	32%
B Carr[2]	123,188	61,594	-	-	**184,782**	67%	33%
Executives							
R Jarvis	284,192	5,342	25,096	163,683	**478,313**	100%	0%
J Gray	46,875	-	4,453	-	**51,328**	100%	0%
G Irwin	183,321	19,973	-	29,981	**233,275**	100%	0%
	1,026,928	298,682	36,318	485,564	**1,847,492**		

[1] Other benefits payable to J Shah during the year include a living allowance of $61,675, medical insurance of $12,002 and Singapore tax clearance of $76,501 as part of his termination of employment.

[2] Other benefits paid to W Barry and B Carr comprise of cash bonuses for achieving performance milestones in the amount of $61,594 each.

[3] During the year, ordinary shares were issued at $0.035 in lieu of director fees and salary deferred from 1 December 2017 through to 30 September 2018, which was implemented as a cash preservation strategy in the 2018 year. In addition, R Jarvis was granted 1,500,000 options. These options have been valued using the Black and Scholes model taking into account the inputs as disclosed in Note 15.

The following amounts are included in remuneration for KMP for services performed but not paid for in the previous financial year which was part of the Group's cash preservation strategy from December 2017 to September 2018:

- J Shah remuneration includes $163,033
- G Pestell remuneration includes $41,519
- E Cross remuneration includes $28,743
- G Irwin remuneration includes $52,598

R Jarvis' remuneration includes $246,726 which represents deferred remuneration for services performed in the previous financial year, including consideration for reduced remuneration which was part of the Group's cash preservation strategy during the period from December 2017 to September 2018.

Remuneration report (continued)

30 June 2018	Short-term employee benefits		Post-employment benefits	Share-based payments		Relative proportions of remuneration of KMP that are linked to performance	
	Salary & fees	Other	Superannuation	Shares / Share options	**Total**	Fixed remuneration	Remuneration linked to performance
	$	$	$	$	**$**	%	%
Directors							
G Pestell	29,656	-	-	55,926	**85,582**	100%	0%
J Shah [1]	210,659	152,210	-	-	**362,869**	100%	0%
E Cross	18,750	-	1,781	33,556	**54,087**	100%	0%
L Sciambi [2]	22,500	-	-	-	**22,500**	100%	0%
Executives							
R Jarvis	167,083	6,556	15,873	24,774	**214,286**	100%	0%
J Loia	174,635	8,327	-	-	**182,962**	100%	0%
G Irwin	143,402	10,731	-	22,370	**176,503**	100%	0%
	766,685	177,824	17,654	136,626	**1,098,789**		

[1] Other benefits payable to J Shah during the year include a living allowance of $141,479, relating to his relocation from the UK to Singapore.

[2] A portion of the previous year's value of options granted to Mr Sciambi amounting to $27,029 was reversed this year upon a portion of Mr Sciambi's options being cancelled prior to vesting. This reversal in value is not shown in this table.

No member of key management personnel appointed during the period received a payment as part of his or her consideration for agreeing to hold the position.

Employee share option plan

<u>Options granted as compensation</u>

For details on the valuation of the options, including models and assumptions used, please refer to Note 15. There were no alterations to the terms and conditions of options granted as remuneration since their grant date. Terms and conditions of share-based plans in existence affecting key management personnel during the financial year or future financial years are detailed below:

30 June 2019

1,500,000 options were granted to the Chief Financial Officer, Mr Jarvis, in connection with the Company's cash preservation strategy and approved at the Company's 2018 Annual General Meeting. These options have no vesting conditions and expiry date of 31 October 2021 and exercisable at $0.05.

30 June 2018

3,000,000 options were granted to the Chief Operating Officer, Mr Loia, which were approved at the Company's 2017 Annual General Meeting. These options were to vest at various dates from 1 January 2018, were to expire at various dates from 30 June 2020 and were exercisable at various prices from $0.30 to $0.40, as follows:

	Number of options	Value per option	Grant date	Grant date fair value	Exercise price	Expiry date	Vesting date
		$		$	$		
Tranche 9	750,000	0.017	8 September 2017	12,970	0.30	30 June 2020	1 January 2018
Tranche 10	750,000	0.025	8 September 2017	18,776	0.30	30 June 2021	30 June 2018
Tranche 11	750,000	0.027	8 September 2017	20,441	0.35	30 June 2022	30 June 2019
Tranche 12	750,000	0.030	8 September 2017	22,229	0.40	30 June 2023	30 June 2020
	3,000,000						

There have been no alterations of the terms and conditions of the above share-based payment arrangements since the grant date.

Remuneration report (continued)

Employee share option plan (continued)

Forfeited / lapsed / exercised during the year

28,000,000 performance shares previously issued to a Director, Mr Jay Shah, were cancelled on Mr Shah's retirement as a Director on 23 December 2018.

No options were exercised or forfeited during the year.

Key management personnel equity holdings

Fully paid ordinary shares

30 June 2019	Balance at beginning of year Number	Granted as compensation Number [1]	Vendor Shares [2]	Net change other Number	Balance at end of year Number	Balance held nominally Number
Directors						
G Pestell [3]	3,299,629	2,808,117	-	(381,120)	5,726,626	-
J Shah	26,634,406	5,703,926	-	-	32,338,332	-
E Cross	200,005	771,964	-	-	971,969	-
W Barry	-	-	7,619,047	-	7,619,047	-
B Carr	-	-	3,452,381	-	3,452,381	-
Executives						
R Jarvis	100,000	3,991,905	-	-	4,011,905	-
G Irwin	4,151,485	856,591	-	-	5,008,076	-

[1] During the year, ordinary shares were issued at $0.035 in lieu of deferred director fees and salary, implemented as a cash preservation strategy in the 2018 year.

[2] Pursuant to the acquisition agreement of CHOOSE Digital Pty Ltd and RooLife Limited, the vendor received ordinary shares with an issue price of $0.035.

[3] G Pestell shareholding includes shares held directly and indirectly. G Pestell owns 25% of Digrevni Investments Pty Ltd ("Digrevni"), which is the holder of 2,500,000 ordinary shares in OpenDNA. G Pestell also has a 25% interest in Artemis Corporate Limited which holds 2,264,107 ordinary shares in the Company and a 24% interest in Storm Enterprises Pty Ltd which holds 712,514 ordinary shares and 3,500,000 options over ordinary shares in the Company.

30 June 2018	Balance at beginning of year Number	Granted as compensation Number	Received on exercise of options Number	Net change other Number	Balance at end of year Number	Balance held nominally Number
Directors						
G Pestell [2]	3,150,005	-	-	149,624	3,299,629	-
J Shah	26,634,406	-	-	-	26,634,406	-
E Cross	200,005	-	-	-	200,005	-
Executives						
R Jarvis	100,000	-	-	-	100,000	-
J Loia [1]	50,250	-	-	-	50,250	-
G Irwin	4,151,485	-	-	-	4,151,485	-

[1] J Loia ceased employment 30 November 2017.

[2] The 2018 financial year comparatives have been revised to include G Pestell indirect shareholding.

Remuneration report (continued)

Key management personnel equity holdings (continued)

Share options

30 June 2019	Balance at beginning of year	Granted as compen-sation	Cancelled	Balance at end of year	Balance vested at end of year	Vested but not exercisable	Vested and exercisable	Options vested during the year
	Number	Number	Number	Number	Number	Number	Number	Number
Directors								
G Pestell [1]	5,000,000	3,500,000	-	8,500,000	8,500,000	8,500,000	-	-
E Cross	3,000,000	-	-	3,000,000	3,000,000	3,000,000	-	-
L Sciambi	500,000	-	-	500,000	500,000	500,000	-	-
Executives								
R Jarvis [2]	3,000,000	1,500,000	-	4,500,000	4,500,000	4,500,000	-	600,000
G Irwin	2,000,000	-	-	2,000,000	2,000,000	2,000,000	-	-
	13,500,000	5,000,000	-	18,500,000	18,500,000	18,500,000	-	600,000

[1] 3.5 million options were issued to Storm Enterprises Pty Ltd ("Storm") in consideration for services provided to the Company for the Placement and approved at the Company's 2018 Annual General Meeting. Mr G Pestell has a 24% interest in Storm.

[2] 1.5 million options were issued to the Mr R Jarvis in connection with the Company's cash preservation strategy (as announced by the Company on 31 July 2018).

30 June 2018	Balance at beginning of year	Granted as compen-sation	Cancelled	Balance at end of year	Balance vested at end of year	Vested but not exercisable	Vested and exercisable	Options vested during the year
	Number	Number	Number	Number	Number	Number	Number	Number
Directors								
G Pestell	5,000,000	-	-	5,000,000	5,000,000	5,000,000	-	1,500,000
E Cross	3,000,000	-	-	3,000,000	3,000,000	3,000,000	-	900,000
L Sciambi	3,000,000	-	(2,500,000)	500,000	500,000	500,000	-	-
Executives								
R Jarvis	3,000,000	-	-	3,000,000	2,400,000	2,400,000	-	1,400,000
J Loia	-	3,000,000	(3,000,000)	-	-	-	-	-
G Irwin	2,000,000		-	2,000,000	2,000,000	2,000,000	-	600,000
	16,000,000	3,000,000	(5,500,000)	13,500,000	12,900,000	12,900,000	-	4,400,000

Where applicable, all share options issued to key management personnel were made in accordance with the provisions of the employee share option plan.

No options were exercised by key management personnel during the current or previous financial year.

Remuneration report (continued)

Performance shares

30 June 2019	Balance at beginning of year Number	Vendor Shares [1]	Cancelled during the year Number [2]	Net change other Number	Balance at end of year Number
Directors					
W Barry	-	15,238,095	-	-	15,238,095
B Carr	-	6,904,762	-	-	6,904,762
J Shah	28,000,000	-	(28,000,000)	-	-
Executives					
R Jarvis [3]	1,750,000	-	-	-	1,750,000
G Irwin	3,500,000	-	-	-	3,500,000
	33,250,000	22,142,857	(28,000,000)	-	27,392,857

[1] Represents Tranches 1 and 2 performance shares received as part consideration for the sale of shares in RooLife Limited and CHOOSE Digital Pty Ltd. These performance shares were valued at $0.035 per share being the Company's share price on the date of acquisition. The Company has recorded a value of $533,334 for Tranche 1 shares in the accounting records. The Company will be required to record the value of the Tranche 2 shares over the vesting period, however, this will only commence when the directors believe it is probable that any of these performance milestones will be achieved.

[2] The performance shares issued to J Shah lapsed, following his cessation of employment with the Company.

[3] As R Jarvis's employment with the company has ceased, these performance shares will lapse.

30 June 2018	Balance at beginning of year Number	Granted as compensation Number	Cancelled during the year Number	Net change other Number	Balance at end of year Number
Directors					
J Shah	28,000,000	-	-	-	28,000,000
Executives					
J Loia [1 2]	-	1,750,000	(1,750,000)	-	-
R Jarvis [2]	-	1,750,000	-	-	1,750,000
G Irwin	3,500,000	-	-	-	3,500,000
	31,500,000	3,500,000	(1,750,000)	-	33,250,000

[1] The performance shares issued to J Loia lapsed, following his cessation of employment with the Company.

[2] These performance shares were valued at $0.13 per share being the Company's share price on the date the shares were granted, namely the date of the Company's AGM, 30 November 2017, however no expense has been recorded at balance date due to the directors being unable to resolve with any certainty whether it would be considered probable that any of the performance milestones will be achieved.

Remuneration report (continued)

Performance shares (continued)

Performance shares comprise of the following:

	Number	$
Class A Performance Shares, will convert to ordinary shares upon the Company achieving within five years of issue annualised gross revenue exceeding $3.5m (measured over any three-consecutive month period) or achieving 20m users (at least half of which are directly revenue generative).	**1,800,000** [1]	-
Class B Performance Shares, will convert to ordinary shares upon the Company achieving within five years of issue annualised gross revenue exceeding $7.5m (measured over any three-consecutive month period) or achieving 30m users (at least half of which are directly revenue generative).	**1,800,000** [1]	-
Class C Performance Shares, will convert to ordinary shares upon the Company achieving within five years of issue annualised gross revenue exceeding $12m (measured over any three-consecutive month period) or achieving 50m users (at least half of which are directly revenue generative).	**1,650,000** [1]	-
Tranche 1 Performance Share Milestone, will convert to ordinary shares upon CHOOSE Digital Pty Ltd and RooLife Limited businesses first achieving aggregate revenue of $1.8 million in a rolling 12-month period (as confirmed by audited financial statements).	**15,238,095** [2]	533,334
Tranche 2 Performance Share Milestone, will convert to ordinary shares upon CHOOSE Digital Pty Ltd and RooLife Limited businesses first achieving aggregate revenue of $3 million in a rolling 12-month period (as confirmed by audited financial statements).	**15,238,096** [3]	-
	35,726,191	533,334

[1] The Performance Shares have been valued at $0.20 each, based on the IPO issue price of the Company's shares. The Company will be required to record the value of these shares in its accounting records over the vesting period, however, this will only commence when the directors believe it is probable that any of the performance milestones will be achieved. At the date of this report, the directors cannot resolve with any certainty whether it would be considered probable that any of the performance milestones will be achieved. As a result, no value has been recorded in the accounting records.

[2] The Tranche 1 Performance Shares have been valued at $0.035 each, based on the share price of the Company's shares at date of acquisition of RooLife and CHOOSE Digital. The Company has recorded the value of $533,334 for these shares in its accounting records as the directors believe it is probable that the performance milestones will be achieved.

[3] The Tranche 2 Performance Shares have been valued at $0.035 each, based on the share price of the Company's shares at date of acquisition of RooLife and CHOOSE Digital. At the date of acquisition, the directors believed that it could not be considered probable that the Tranche 2 milestone would be achieved, therefore no value was recorded in the accounting records..

Loans to key management personnel
No loans have been provided to any member of the Group's key management personnel in the year.

Key management personnel transactions

In addition to the above remuneration, related party transactions with key management personnel are described below.

	2019	2018
	$	$
The following amounts were paid to Murcia Pestell Hillard Pty Ltd, a company related to Mr. G Pestell:		
- provision of general legal services [1]	**214,535**	83,123
- rent for the provision of serviced office space	**-**	4,000
	214,535	87,123

[1] included in the balance of $214,535 in the 2019 year is an amount of $33,040, which was converted to ordinary shares (at a price of $0.035 per share).

Remuneration report (continued)

Key management personnel transactions (continued)

The following amounts were paid to Storm Enterprises Pty Ltd, a company related to Mr. Grant Pestell:		
- provision of advisory services in relation to Placement [1]	**54,786**	-

[1] 3.5 million options were issued to Storm Enterprises Pty Ltd ("Storm") in consideration for services provided to the Company for the Placement and approved at the Company's 2018 Annual General Meeting. Mr Pestell has a 24% interest in Storm. The entity is not controlled by Mr Pestell, nor does he have the capacity to determine the entity's ability to dispose of securities it holds.

END OF REMUNERATION REPORT

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of OpenDNA Limited for the year ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia
5 September 2019

L Di Giallonardo
Partner

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Consolidated statement of profit or loss and other comprehensive income For the year ended 30 June 2019

	Notes	**2019** $	2018 $
Continuing operations			
Revenue	2, 4	**705,630**	118,739
Interest income		**6,095**	13,024
Direct expenses of providing services		**(448,814)**	-
Depreciation and amortisation expense	10, 11	**(296,617)**	(309,838)
Share based payment expense	15	**(89,349)**	(109,599)
Other expenses			
Consulting fees		**(276,680)**	(344,355)
Employee costs		**(2,030,648)**	(2,593,480)
Travel and accommodation costs		**(153,569)**	(145,003)
Other expenses	2	**(945,400)**	(883,554)
Loss before income tax	3	**(3,529,352)**	(4,254,066)
Income tax benefit	3	**219,867**	286,212
Net loss for the year		**(3,309,485)**	(3,967,854)
Other comprehensive loss, net of income tax			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		**(16,562)**	(6,439)
Other comprehensive loss for the year, net of income tax		**(16,562)**	(6,439)
Total comprehensive loss for the year		**(3,326,047)**	(3,974,293)
Basic loss per share (cents per share)	5	**(1.95)**	(3.78)
Diluted loss per share (cents per share)	5	**(1.95)**	(3.78)

The accompanying notes form part of these financial statements

Consolidated statement of financial position
As at 30 June 2019

	Notes	**2019** $	2018 $
Assets			
Current assets			
Cash and cash equivalents	7	**2,093,478**	669,840
Trade and other receivables	8	**392,637**	303,564
Other current assets	9	**33,027**	147,598
Total current assets		**2,519,142**	1,121,002
Non-current assets			
Property, plant and equipment	10	**3,934**	56,755
Deferred tax assets	3	**384,462**	222,577
Intangible assets	11	**3,616,597**	2,302,351
Total non-current assets		**4,004,993**	2,581,683
Total assets		**6,524,135**	3,702,685
Liabilities			
Current liabilities			
Trade and other payables	12	**887,640**	592,960
Total current liabilities		**887,640**	592,960
Non-current liabilities			
Deferred tax liabilities	3	**385,521**	443,357
Total non-current liabilities		**385,521**	443,357
Total liabilities		**1,273,161**	1,036,317
Net assets		**5,250,974**	2,666,368
Equity			
Issued capital	13	**18,560,841**	13,646,581
Reserves	14	**1,680,708**	700,877
Accumulated losses		**(14,990,575)**	(11,681,090)
Total equity		**5,250,974**	2,666,368

The accompanying notes form part of these financial statements

Consolidated statement of changes in equity
For the year ended 30 June 2019

Year ended 30 June 2019

	Notes	Issued capital $	Share-based payment reserve $	Foreign currency translation reserve $	Accumulated losses $	**Total equity** **$**
Balance as at 1 July 2018		13,646,581	831,105	(130,228)	(11,681,090)	**2,666,368**
Loss for the year		-	-	-	(3,309,485)	**(3,309,485)**
Other comprehensive loss, net of income tax		-	-	(16,562)	-	**(16,562)**
Total comprehensive loss for the year		-	-	(16,562)	(3,309,485)	**(3,326,047)**
Shares issued during the year		5,618,270	-	-	-	**5,618,270**
Share issue costs		(704,010)	-	-	-	**(704,010)**
Value of performance shares issued as consideration for acquisition of subsidiaries		-	533,334	-	-	**533,334**
Share-based payments	15	-	463,059	-	-	**463,059**
Balance as at 30 June 2019		18,560,841	1,827,498	(146,790)	(14,990,575)	**5,250,974**

Year ended 30 June 2018

	Notes	Issued capital $	Share-based payment reserve $	Foreign currency translation reserve $	Accumulated losses $	**Total equity** **$**
Balance as at 1 July 2017		13,646,581	721,506	(123,789)	(7,713,236)	**6,531,062**
Loss for the year		-	-	-	(3,967,854)	**(3,967,854)**
Other comprehensive loss, net of income tax		-	-	(6,439)	-	**(6,439)**
Total comprehensive loss for the year		-	-	(6,439)	(3,967,854)	**(3,974,293)**
Share-based payments	15	-	109,599	-	-	**109,599**
Balance as at 30 June 2018		13,646,581	831,105	(130,228)	(11,681,090)	**2,666,368**

The accompanying notes form part of these financial statements

Consolidated statement of cash flows
For the year ended 30 June 2019

	Notes	2019	2018
		$	$
Cash flows from operating activities			
Receipts from customers		**983,761**	114,957
Payments to suppliers and employees		**(3,815,744)**	(3,556,977)
Interest received		**6,095**	11,990
Other – Research and Development cash rebate received		**293,629**	344,384
Net cash outflow from operating activities	7	**(2,532,259)**	(3,085,646)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**7,326**	-
Payments for property, plant and equipment		**(6,738)**	(8,790)
Payment for intangible assets		**(70,207)**	-
Payments to acquire subsidiaries, net of cash acquired	17	**(179,361)**	-
Net cash (outflow) / inflow from investing activities		**(248,980)**	(8,790)
Cash flows from financing activities			
Proceeds from issue of shares		**4,500,000**	-
Payments for share issue costs		**(274,701)**	-
Repayment of loans		**(28,780)**	-
Net cash inflow from financing activities		**4,196,519**	-
Net (decrease) / increase in cash and cash equivalents		**1,415,280**	(3,094,436)
Cash and cash equivalents at the beginning of the year		**669,840**	3,747,988
Effect of exchange rate fluctuations on cash held		**8,358**	16,288
Cash and cash equivalents at the end of the year	7	**2,093,478**	669,840

The accompanying notes form part of these financial statements

Notes to the financial statements
For the year ended 30 June 2019

Note 1: Statement of significant accounting policies

(a) Basis of preparation

These financial statements are general purpose financial statements, which have been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and comply with other requirements of the law.

The financial statements comprise the consolidated financial statements for the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

The accounting policies detailed below have been consistently applied to all of the years presented unless otherwise stated. The financial statements are for the Group consisting of OpenDNA Limited and its subsidiaries.

The financial statements have been prepared on a historical cost basis, except for available-for-sale investments which have been measured at fair value. Historical cost is based on the fair values of the consideration given in exchange for goods and services.

The financial statements are presented in Australian dollars.

The Company is a listed public Company, incorporated in Australia and operating in Australia, Singapore and South Africa. The entity's principal activities are focussed on the sale and deployment of its patent-pending artificial intelligence system.

(b) Adoption of new and revised standards

Standards and Interpretations applicable to 30 June 2019

In the year ended 30 June 2019, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current annual reporting period. Those which have a material impact on the Group are set out below

<u>AASB 9 *Financial Instruments*</u>

AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement and makes changes to a number of areas including classification of financial instruments, measurements, impairment of financial assets and hedge accounting model.
The Group has adopted AASB 9 from 1 July 2018.

The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest.

A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value.

All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI').

Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch.

For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch).

New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity.

New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

Notes to the financial statements (continued)
For the year ended 30 June 2019

Note 1: Statement of significant accounting policies (continued)

(b) Adoption of new and revised standards (continued)

The Group has applied AASB 9 retrospectively with the effect of initially applying this standard recognised at the date of initial application, being 1 July 2018 and has elected not to restate comparative information accordingly, the information presented for 30 June 2018 has not been restated.

AASB 15 *Revenue from Contracts with Customers*

AASB 15 replaces AASB 118 *Revenu*e and AASB 111 *Construction Contracts* and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards.

The Group has adopted AASB 9 from 1 July 2018.

AASB 15 establishes a single comprehensive income for entities to use in accounting for revenue arising from contracts with customers.

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised, including in respect of multiple element arrangements. The core principle of AASB 15 is that it requires identification of distinct performance obligations within a transaction and associated transaction price allocation to these obligations. Revenue is recognised upon satisfaction of these performance obligations, which occur when control of goods or services is transferred, rather than on transfer of risks or rewards. Revenue received for a contract that includes a variable amount is subject to revised conditions for recognition, whereby it must be highly probable that no significant reversal of the variable component may occur when the uncertainties around its measurement are removed.

The core principle of AASB 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group has adopted AASB 15 using the modified retrospective method of adoption (without practical expedients) with the effect of initially applying this standard recognised at the date of initial application, being 1 July 2018. Accordingly, the information presented for 30 June 2018 has not been restated. The application of AASB 15 had no effect as at 1 July 2018 as the Group had no contracts in place at that date. The acquisitions during the year of CHOOSE Digital, RooLife and Blackglass have required the Group to adopt this new accounting policy from the dates of acquisition..

Other than the above, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to Group accounting policies.

Standards and Interpretations in issue not yet adopted
The Directors have also reviewed all Standards and Interpretations in issue not yet adopted for the year ended 30 June 2019. Those which may have a material impact on the Group are set out below.

AASB 16 Leases
AASB 16 replaces AASB 117 *Leases*. AASB 16 removes the classification of leases as either operating leases of finance leases- for the lessee – effectively treating all leases as finance leases.

AASB 16 is applicable to annual reporting periods beginning on or after 1 July 2019.

Impact on operating leases
AASB 16 will change how the Group accounts for leases previously classified as operating leases under AASB 117, which were off-balance sheet. On initial application of AASB 16, for all leases (except as noted below), the Group will:

- Recognise right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments.
- Recognise depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss.

Notes to the financial statements (continued)
For the year ended 30 June 2019

Note 1: Statement of significant accounting policies (continued)

(b) Adoption of new and revised standards (continued)

- Separate the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated cash flow statement.

Lease incentives (e.g. rent-free period) will be recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under AASB 117 they resulted in the recognition of a lease liability incentive, amortised as a reduction of rental expenses on a straight-line basis.

Under AASB 16, right-of-use assets will be tested for impairment in accordance with AASB 136 Impairment of Assets. This will replace the previous requirement to recognise a provision for onerous lease contracts.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Group will opt to recognise a lease expense on a straight-line basis as permitted by AASB 16.

The Group has elected not to early adopt AASB 16 but has conducted an assessment of the impact of the new standard and have determined that there is no material impact.

Other than the above, the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Company and, therefore, no change is necessary to Group accounting policies.

(c) Statement of compliance
The financial report was authorised for issue on 5 September 2019.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

(d) Significant accounting estimates and judgements
The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Impairment of goodwill and intangibles with indefinite useful lives:
The Group determines whether goodwill and intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash generating units to which the goodwill and intangibles with indefinite useful lives are allocated. The assumptions used in this estimation of recoverable amount and the carrying amount of goodwill are discussed in Note 11.

Share-based payment transactions:
The Group measures the cost of equity-settled transactions with employees and third parties by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black and Scholes model, using the assumptions detailed in Note 15.

Business combinations
Management uses valuation techniques when determining the fair values of certain assets and liabilities acquired in a business combination. In particular, the fair value of contingent consideration is dependent on the outcome of many variables including the acquirees' future profitability. For the business combinations during the current year as set out in Note 17, the initial accounting is incomplete as the Company is currently finalising the allocation of the initial excess consideration. This allocation will be finalised when the 31 December 2019 half yearly financial report is produced and the provisional amounts noted above will be adjusted accordingly.

Notes to the financial statements (continued)
For the year ended 30 June 2019

Note 1: Statement of significant accounting policies (continued)

(e) Going concern
Directors are of the opinion that the Group is a going concern for the following reasons:

- As at the reporting date the Group had cash on hand amounting to \$2.09m and net assets amounting to \$5.25m; and
- The Directors anticipate that a further equity raising may be required in the future, with funds raised being used to meet the ongoing working capital requirements of the Group, and the Directors are confident that the Company will be successful in raising the required equity.

Should this equity raising not be completed successfully, there is a material uncertainty that may cast significant doubt as to whether the Group will be able to continue as a going concern and whether it will be able to realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in the financial report.

(f) Basis of consolidation
The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company.

Control is achieved when the Company:
- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement in with the investee; and
- has the ability to its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements listed above.

When the Company has less than a majority of the voting rights if an investee, it has the power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights are sufficient to give it power, including,
- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties; rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholder meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Changes in the Group's ownership interest in existing subsidiaries
Changes in the Group's ownership interest in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in subsidiaries.

Any difference between the amount paid by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between:
- The aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- The previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by the applicable AASBs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Notes to the financial statements (continued)
For the year ended 30 June 2019

Note 1: Statement of significant accounting policies (continued)

(g) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors of OpenDNA Limited.

(h) Foreign currency translation

Both the functional and presentation currency of OpenDNA Limited is Australian dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date.

All exchange differences in the consolidated financial report are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

The functional currencies of the foreign operations are:

- OpenDNA (UK) Limited: Wholly owned UK subsidiary. Currency: GBP
- OpenDNA (UK) Limited: South African branch office. Currency: ZAR
- OpenDNA (Singapore) Pte Ltd: Wholly owned Singaporean subsidiary. Currency: SGD
- RooLife (HK) Limited: Wholly owned Hong Kong subsidiary. Currency: HKD

As at the balance date the assets and liabilities of these subsidiaries are translated into the presentation currency of OpenDNA Limited at the rate of exchange ruling at the balance date and income and expense items are translated at the average exchange rate for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used.

The exchange differences arising on the translation are taken directly to a separate component of equity, being recognised in the foreign currency translation reserve.

On disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to the partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange rate differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of the reporting period. Exchange differences are recognised in other comprehensive income.

Notes to the financial statements (continued)
For the year ended 30 June 2019

Note 1: Statement of significant accounting policies (continued)

(i) Revenue recognition

Applicable to 30 June 2019
Revenue arises mainly from the provision of services in the areas of digital marketing, website services, application development and subscription, and marketing consulting. The Group generates revenue largely in Australia.

To determine whether to recognise revenue, the Group follows a 5-step process:
1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

The revenue and profits recognised in any period are based on the delivery of performance obligations and an assessment of when control is transferred to the customer.

In determining the amount of revenue and profits to record, and related balance sheet items (such as contract fulfilment assets, capitalisation of costs to obtain a contract, trade receivables, accrued income and deferred income) to recognise in the period, management is required to form a number of key judgements and assumptions. This includes an assessment of the costs the Group incurs to deliver the contractual commitments and whether such costs should be expensed as incurred or capitalised.

Revenue is recognised either when the performance obligation in the contract has been performed, so 'point in time' recognition or 'over time' as control of the performance obligation is transferred to the customer.

For contracts with multiple components to be delivered such as Web Development management applies judgement to consider whether those promised goods and services are (i) distinct - to be accounted for as separate performance obligations; (ii) not distinct - to be combined with other promised goods or services until a bundle is identified that is distinct or (iii) part of a series of distinct goods and services that are substantially the same and have the same pattern of transfer to the customer.

Transaction price
At contract inception the total transaction price is estimated, being the amount to which the Group expects to be entitled and has rights to under the present contract.

The transaction price does not include estimates of consideration resulting from change orders for additional goods and services unless these are agreed.

Once the total transaction price is determined, the Group allocates this to the identified performance obligations in proportion to their relative stand-alone selling prices and recognises revenue when (or as) those performance obligations are satisfied.

For each performance obligation, the Group determines if revenue will be recognised over time or at a point in time. Where the Group recognises revenue over time for long term contracts, this is in general due to the Group performing and the customer simultaneously receiving and consuming the benefits provided over the life of the contract.

For each performance obligation to be recognised over time, the Group applies a revenue recognition method that faithfully depicts the Group's performance in transferring control of the goods or services to the customer. This decision requires assessment of the real nature of the goods or services that the Group has promised to transfer to the customer. The Group applies the relevant output or input method consistently to similar performance obligations in other contracts.

When using the output method, the Group recognises revenue on the basis of direct measurements of the value to the customer of the goods and services transferred to date relative to the remaining goods and services under the contract. Where the output method is used, in particular for long term service contracts where the series guidance is applied, the Group often uses a method of time elapsed which requires minimal estimation. Certain long term contracts use output methods based upon estimation of number of users, level of service activity or fees collected.

Notes to the financial statements (continued)
For the year ended 30 June 2019

Note 1: Statement of significant accounting policies (continued)

(i) Revenue recognition (continued)

If performance obligations in a contract do not meet the over time criteria, the Group recognises revenue at a point in time. This may be at the point of physical delivery of goods and acceptance by a customer or when the customer obtains control of an asset or service in a contract with customer-specified acceptance criteria.

Disaggregation of revenue
The Group disaggregates revenue from contracts with customers by contract type, which includes (i) Digital Marketing, (ii) Marketing Consulting (iii) Application Development and Subscription and (iv) Website Services as management believe this best depicts how the nature, amount, timing and uncertainty of the Group's revenue and cash flows.

Performance obligations
The nature of contracts or performance obligations categorised within these revenue types include the following:

a) Digital marketing
This category includes SEO services and media management with performance obligations linked to the completion of the contracts, namely point in time revenue recognition.

b) Marketing consulting
Consulting revenue is invoiced as the service is being performed with the performance obligations satisfied during the delivery of the service, namely over time recognition.

c) Application development and subscription
This category includes content fees, page view fees and user subscription fees linked to the activity of subscribers. Revenue is recognised over time.

a) Website services
This category includes bespoke website builds, hosting fees and creative and design services. Performance obligations are linked to milestone events and for hosting, on an ongoing delivery basis. Revenue is recognised over time.

Contract assets and contract liabilities
The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

<u>Applicable to 30 June 2018</u>
Revenue is measured at fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

Sale of goods
Revenue is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Notes to the financial statements (continued)
For the year ended 30 June 2019

Note 1: Statement of significant accounting policies (continued)

(i) Revenue recognition (continued)

Rendering of services
Revenue from the rendering of services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

- Contract income is recognised by reference to the total actual costs incurred at the end of the reporting period relative to the proportion of the total costs expected to be incurred over the life of the contract;
- Servicing fees are recognised by reference to the proportion of the total cost of providing the service for the product sold; and
- Revenue from time and material contracts are recognised at the contractual rates as labour hours are delivered and direct expenses are incurred.

Interest income
Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be reliably measured. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that assets' net carrying amount on initial recognition.

(j) Government grants
Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

(k) Leases
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised at their fair value or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the general policy on borrowing costs, refer Note 1(k).

Finance lease assets are depreciated on a straight-line basis over the estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(l) Income tax
The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and to unused tax losses.

Notes to the financial statements (continued)
For the year ended 30 June 2019

Note 1: Statement of significant accounting policies (continued)

(l) Income Tax (continued)

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.
Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(m) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Notes to the financial statements (continued)
For the year ended 30 June 2019

Note 1: Statement of significant accounting policies (continued)

(m) Other taxes (continued)

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(n) Impairment of tangible and intangible assets other than goodwill

The Group assesses at each balance date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each balance date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(o) Cash and cash equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(p) Trade and other receivables

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment. Trade receivables are generally due for settlement within periods ranging from 30 – 90 days.

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Group in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Group. The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term discounting is not applied in determining the allowance.

Notes to the financial statements (continued)
For the year ended 30 June 2019

Note 1: Statement of significant accounting policies (continued)

(p) Trade and other receivables (continued)

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

(q) Financial instruments

Applicable 30 June 2019

Recognition and derecognition
Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets
Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- equity instruments at fair value through other comprehensive income (FVOCI)
- debt instruments at fair value through other comprehensive income (FVOCI).

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.
The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets
Financial assets at amortised cost
Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets to collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method.

Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as listed bonds that were previously classified as held- to-maturity under IAS 39.

Notes to the financial statements (continued)
For the year ended 30 June 2019

Note 1: Statement of significant accounting policies (continued)

(q) Financial instruments (continued)

Financial assets at fair value through profit or loss (FVTPL)
Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

The category also contains an equity investment. The Group accounts for the investment at FVTPL and did not make the irrevocable election to account for the investment in unlisted and listed equity securities at fair value through other comprehensive income (FVOCI). The fair value was determined in line with the requirements of AASB 9, which does not allow for measurement at cost.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss.
The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Equity instruments at fair value through other comprehensive income (Equity FVOCI)
Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVOCI.

Under Equity FVOCI, subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss.

Dividend from these investments continue to be recorded as other income within the profit or loss unless the dividend clearly represents return of capital.

This category includes unlisted equity securities that were previously classified as 'available-for-sale' under AASB 139. Any gains or losses recognised in other comprehensive income (OCI) are not recycled upon derecognition of the asset.

Debt instruments at fair value through other comprehensive income (Debt FVOCI)
Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of collecting the contractual cash flows and selling the assets are accounted for at debt FVOCI.

The Group accounts for financial assets at FVOCI if the assets meet the following conditions:
- they are held under a business model whose objective it is to "hold to collect" the associated cash flows and sell financial assts; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in other comprehensive income (OCI) will be recycled upon derecognition of the asset.

Impairment of financial assets
AASB 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaced AASB 139's 'incurred loss model'.

Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

Notes to the financial statements (continued)
For the year ended 30 June 2019

Note 1: Statement of significant accounting policies (continued)

(q) Financial instruments (continued)

In applying this forward-looking approach, a distinction is made between:
- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Level 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Level 2').
- 'Level 3' would cover financial assets that have objective evidence of impairment at the reporting date.

12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables and contract assets
The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.
Classification and measurement of financial liabilities

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

<u>Applicable 30 June 2018</u>
Financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end. All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

Financial assets at fair value through profit or loss
Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

Notes to the financial statements (continued)
For the year ended 30 June 2019

Note 1: Statement of significant accounting policies (continued)

(q) Financial instruments (continued)

Held-to-maturity investments
Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Available-for-sale investments
Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

Derecognition of financial assets and financial liabilities
A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is derecognised when:
- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either:
    - has transferred substantially all the risks and rewards of the asset, or
    - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Group could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Notes to the financial statements (continued)
For the year ended 30 June 2019

Note 1: Statement of significant accounting policies (continued)

(q) Financial instruments (continued)

Financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Impairment of financial assets
The Group assesses at each balance date whether a financial asset or Group of financial assets is impaired.

Financial assets carried at amortised cost
If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a Group of financial assets with similar credit risk characteristics and that Group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

Financial assets carried at cost
If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset. Such impairment loss shall not be reversed in subsequent periods.

Available-for-sale investments
If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the statement of comprehensive income. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

(r) Property, plant and equipment
Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets. The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Notes to the financial statements (continued)
For the year ended 30 June 2019

Note 1: Statement of significant accounting policies (continued)

(r) Property, plant and equipment

Impairment

The carrying values of plant and equipment are reviewed for impairment at each balance date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to approximate fair value.

An impairment exists when the carrying value of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the statement of comprehensive income in the cost of sales line item. However, because land and buildings are measured at revalued amounts, impairment losses on land and buildings are treated as a revaluation decrement.

Revaluations

Following initial recognition at cost, land and buildings are carried at a revalued amount which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and any subsequent accumulated impairment losses.

Fair value is determined by reference to market-based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.

Any revaluation increment is credited to the asset revaluation reserve included in the equity section of the statement of financial position, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss.

Any revaluation decrease is recognised in profit or loss, except that a decrease offsetting a previous revaluation increase for the same asset is debited directly to the asset revaluation reserve to the extent of the credit balance existing in the revaluation reserve for that asset.

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amounts of the assets and depreciation based on the assets' original costs.
Additionally, any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the assets.

Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.
Independent valuations are performed with sufficient regularity to ensure that the carrying amounts do not differ materially from the assets' fair values at the balance date.

Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

Notes to the financial statements (continued)
For the year ended 30 June 2019

Note 1: Statement of significant accounting policies (continued)

(s) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Each unit or group of units to which the goodwill is so allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment based on either the Group's primary or the Group's secondary reporting format determined in accordance with AASB 8 Operating Segments.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates. When the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. When goodwill forms part of a cash-generating unit (group of cash-generating units) and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment losses recognised for goodwill are not subsequently reversed.

(t) Intangible assets

Intangible assets acquired separately

Intangible assets acquired separately are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period, with any changes in these accounting estimates being accounted for on a prospective basis.

Internally generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period as incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

The following useful lives are used in the calculation of amortisation:

Technology	10 years

Notes to the financial statements (continued)
For the year ended 30 June 2019

Note 1: Statement of significant accounting policies (continued)

(t) Intangible assets (continued)

Intangible assets acquired in a business combination
Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

(u) Trade and other payables
Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

(v) Borrowings
Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

The fair value of the liability portion of a convertible note is determined using a market interest rate for an equivalent non-convertible note. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the note. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(w) Employee leave benefits

Wages, salaries, annual leave and sick leave
Liabilities accruing to employees in respect of wages and salaries, annual leave, long service leave and sick leave expected to be settled within 12 months of the balance date are recognised in other payables in respect of employees' services up to the balance date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Liabilities accruing to employees in respect of wages and salaries, annual leave, long service leave and sick leave not expected to be settled within 12 months of the balance date are recognised in non-current other payables in respect of employees' services up to the balance date. They are measured as the present value of the estimated future outflows to be made by the Group.

Long service leave
The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the balance date. Consideration is given to expected future wage and salary levels, experience of employee departures, and period of service. Expected future payments are discounted using market yields at the balance date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Notes to the financial statements (continued)
For the year ended 30 June 2019

Note 1: Statement of significant accounting policies (continued)

(x) Share based payments
The Group provides benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a Black-Scholes model, further details of which are given in Note 15.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of OpenDNA Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each balance date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share, refer Note 5.

(y) Earnings/loss per share
Basic earnings/loss per share is calculated as net profit/loss attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings/loss per share is calculated as net profit/loss attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(z) Parent entity financial information
The financial information for the parent entity, OpenDNA Limited, disclosed in Note 21 has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries
Investments in subsidiaries are accounted for at cost in the parent entity's financial statements. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

Notes to the financial statements (continued)
For the year ended 30 June 2019

Note 1: Statement of significant accounting policies (continued)

(z) Parent entity financial information (continued)

Share-based payments
The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

Notes to the financial statements (continued)
For the year ended 30 June 2019

Note 2: Revenue and expenses

Revenue

The Group derives its revenue from the sale of goods and the provision of services at a point in time and over time.

	2019	2018
	$	$
Revenue from contracts with customers	**705,630**	118,739
Reconciliation of revenue from contracts with customers		
At a point in time		
Digital marketing	**493,959**	-
Overtime		
Marketing consulting	**71,460**	-
Application development and subscription	**22,750**	118,739
Website services	**117,461**	-
	211,671	118,739
Total Revenue	**705,630**	118,739

	2019	2018
	$	$
Other expenses		
Doubtful debts	**43,466**	-
Legal fees	**221,509**	116,971
Fees and subscriptions	**128,223**	202,642
Recruitment	**16,195**	41,431
Rent and associated costs	**71,553**	105,236
Accountancy fees	**34,848**	43,554
Auditors' remuneration	**48,600**	48,600
Patent and branding	**13,744**	(3,383)
Foreign exchange gains and losses	**5,780**	23,848
Other expenses	**361,482**	304,655
	945,400	883,554

Notes to the financial statements (continued)
For the year ended 30 June 2019

Note 3: Income tax

Income tax recognised in profit or loss

The major components of tax benefit are:

	2019	2018
	$	$
Current tax benefit	-	(281,640)
Deferred tax benefit relating to the origination and reversal of temporary differences	(219,867)	(4,572)
Total tax benefit	(219,867)	(286,212)

The prima facie income tax benefit on pre-tax accounting loss from operations reconciles to the income tax benefit in the financial statements as follows:

	2019	2018
Accounting loss before tax from continuing operations	(3,529,352)	(4,254,066)
Income tax benefit calculated at 27.5% (2018: 27.5%)	(970,572)	(1,169,868)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
• Effect of expenses that are not deductible in determining taxable profit	142,317	188,506
• Effect of concessions – research and development	-	(281,637)
• Effect of unused tax losses and timing differences not recognised as deferred tax assets	492,038	642,327
• Effect of different tax rates of subsidiaries operating in other jurisdictions	116,349	334,460
Income tax benefit reported in the consolidated statement of comprehensive income	(219,867)	(286,212)

The tax rate used in the above reconciliation is the corporate tax rate of 27.5% payable by Australian corporate entities on taxable profits under Australian tax law.

Deferred tax assets comprise:

	2019	2018
Tax losses - revenue	384,462	222,577

Deferred tax liabilities comprise:

	2019	2018
Fair value adjustments on acquisition	384,455	435,716
Property, Plant and Equipment	1,066	7,641
	385,521	443,357

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	2019	2018
Tax losses – revenue	1,937,150	1,326,733
Timing differences	(10,434)	103,616
	1,926,716	1,430,349

The tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits thereof.

Notes to the financial statements (continued)
For the year ended 30 June 2019

Note 4: Segment reporting

Description of segments

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board of directors in order to allocate resources to the segment and to assess its performance. For management purposes, the Group manages its operations as a single business unit. All of the Group's activities are interrelated, and discrete financial information is reported to the Board of Directors as a single segment. Accordingly, all significant operating decisions are based on an analysis of the Group as one segment. The financial results from this segment are equivalent to the consolidated financial information of the Group as a whole.

Segment information

The following tables present revenue and profit/loss information and certain asset and liability information regarding geographical segments for the year ended 30 June 2019. Revenue is attributed to geographical location based on the location of customers.

30 June 2019	Australia $	United Kingdom $	Singapore $	Consolidation adjustments $	**Total $**
Revenue					
Sales to external customers	705,630	-	-	-	**705,630**
Total	705,630	-	-	-	**705,630**
Segment result	(2,375,480)	(208,194)	(695,346)	(30,465)	**(3,309,485)**
Interest revenue	6,095	-	-	-	**6,095**
Depreciation and amortisation	(1,396)	(19,010)	(6,418)	(269,793)	**(296,617)**
Income tax benefit	-	219,867	-	-	**219,867**
Segment assets	15,870,331	11,663	97,184	(9,455,043)	**6,524,135**
Segment liabilities	1,191,209	2,914,270	3,796,670	(6,628,988)	**1,273,161**
Cash flow information					
Net cash flow from operating activities	(1,486,976)	(26,748)	(993,984)	(24,551)	**(5,532,259)**
Net cash flow from investing activities	(252,608)	3,628	-	-	**(248,980)**
Net cash flow from financing activities	4,196,519	-	-	-	**4,196,519**
Other information					
Depreciation	(1,396)	(17,008)	(6,418)	-	**(24,822)**
Amortisation	-	(2,002)	-	(269,793)	**(271,795)**

Notes to the financial statements (continued)
For the year ended 30 June 2019

Note 4: Segment reporting (continued)

30 June 2018	Australia $	United Kingdom $	Singapore $	Consolidation adjustments $	**Total $**
Revenue					
Sales to external customers	118,739	-	-	-	**118,739**
Total	118,739	-	-	-	**118,739**
Segment result	(1,390,960)	(1,221,414)	(912,269)	(443,211)	**(3,967,854)**
Interest revenue	13,024	-	-	-	**13,024**
Depreciation and amortisation	(1,378)	(32,208)	(6,459)	(269,793)	**(309,838)**
Income tax benefit	-	286,212	-	-	**286,212**
Segment assets	11,423,612	425,394	214,051	(8,360,372)	**3,702,685**
Segment liabilities	555,226	3,072,756	3,024,330	(5,615,995)	**1,036,317**
Cash flow information					
Net cash flow from operating activities	(1,093,555)	(1,206,621)	(751,051)	(34,419)	**(3,085,646)**
Net cash flow from investing activities	(1,753)	(3,591)	(3,446)	-	**(8,790)**
Net cash flow from financing activities	-	-	-	-	**-**
Other information					
Depreciation	(1,378)	(29,327)	(6,459)	-	**(37,164)**
Amortisation	-	(2,881)	-	(269,793)	**(272,674)**

Other segment information

Segment revenue reconciliation to the statement of comprehensive income

	2019 $	2018 $
Total segment revenue	**705,630**	118,739
Inter-segment sales elimination	**-**	-
Total	**705,630**	118,739

Notes to the financial statements (continued)
For the year ended 30 June 2019

Note 5: Loss per share

Basic and diluted loss per share

	2019	2018
	Cents per share	Cents per share
Total basic and diluted loss per share attributable to the ordinary equity holders of the Company	**(1.95)**	(3.78)

Reconciliation of loss used in calculating loss per share

	$	$
Loss attributable to the ordinary equity holders of the Company used in the calculation of basic and diluted loss per share	**(3,309,485)**	(3,967,854)

Weighted average number of shares used as the denominator

	Number	Number
Weighted average number of ordinary shares used in the denominator in calculating loss per share	170,013,016	105,083,541

Information concerning classification of securities

Options granted are considered to be potential ordinary shares and have been included in the determination of diluted loss per share to the extent to which they are dilutive (the options are not considered to be dilutive). The options have not been included in the determination of basic loss per share. Details relating to the options are set out in note 15.

Note 6: Dividends

There were no dividends paid or declared to equity holders during the year ended 30 June 2019.

Notes to the financial statements (continued)
For the year ended 30 June 2019

Note 7: Cash and cash equivalents

	2019	2018
	$	$
Cash at bank and on hand	**2,093,478**	669,840

Cash at bank earns interest at floating rates based on daily bank deposit rates.

The Group has no borrowing facilities in place.

Reconciliation to the Statement of Cash Flows:
For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand and at bank and investments in money market instruments, net of outstanding bank overdrafts.

Cash and cash equivalents as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	$	$
Cash at bank and on hand, as above	**2,093,478**	669,840
Balance per statement of cash flows	**2,093,478**	669,840

Reconciliation of loss for the year to net cash flows from operating activities

	$	$
Net loss for the year	**(3,309,485)**	(3,967,854)
Foreign exchange (gain)	**(16,221)**	(32,861)
Equity settled share-based payment	**204,634**	109,599
Doubtful debts	**43,466**	-
Depreciation and amortisation	**296,617**	309,838
Disposal of assets written off	**23,004**	-
Increase/(decrease) in deferred tax accounts	**(219,868)**	(4,069)
Change in net assets and liabilities, net of effects from acquisition and disposal of businesses:		
Decrease in assets:		
Trade and other receivables	**583,038**	114,320
Increase/(Decrease) in liabilities:		
Trade and other payables	**(137,444)**	385,381
Net cash from operating activities	**(2,532,259)**	(3,085,646)

Notes to the financial statements (continued)
For the year ended 30 June 2019

Note 8: Trade and other receivables

	2019	2018
	$	$
Trade and other receivables (*i*)	**406,276**	11,321
Allowance for impairment	**(43,466)**	-
Total	**362,810**	11,321

(i) the average credit period on sales of goods and rendering of services is 30 days.

In determining the recoverability of a trade receivable, the Group considers any changes in the credit quality of the trade receivable from the date credit was initially granted up to the balance date. The concentration of credit risk is limited due to the customer base being large and unrelated. The above allowance for impairment relates to one specific debtor which management has deemed to be non-recoverable. Accordingly, the Directors believe that there is no further credit provisions required in excess of the allowance for impairment.

Reconciliation of trade and other receivables

	$	$
Trade debtors, noted above	**362,810**	11,321
UK Research and Development claim receivable	**-**	288,053
GST and VAT receivable	**29,827**	4,190
Total	**392,637**	303,564

Note 9: Other current assets

	$	$
Advance to employees	**-**	40,965
Prepayments	**8,594**	25,284
Security deposits	**24,423**	81,339
Other	**10**	10
Total	**33,027**	147,598

Notes to the financial statements (continued)
For the year ended 30 June 2019

Note 10: Property, plant and equipment

30 June 2019	Office equipment $	Computer equipment $	**Total $**
Gross carrying amount			
Balance at 1 July 2018	17,065	104,659	**121,724**
Foreign currency differences	305	2,699	**3,004**
Additions	-	3,854	**3,854**
Disposals	(17,370)	(90,631)	**(108,001)**
Balance at 30 June 2019	-	20,581	**20,581**
Accumulated depreciation and impairment			
Balance at 1 July 2018	5,282	59,687	**64,969**
Foreign currency differences	103	(466)	**(363)**
Depreciation expense	362	24,460	**24,822**
Disposals	(5,747)	(67,034)	**(72,781)**
Balance at 30 June 2019	-	16,647	**16,647**
Carrying value			
30 June 2019	-	3,934	**3,934**
30 June 2018	11,783	44,972	**56,755**

30 June 2018	Office equipment $	Computer equipment $	**Total $**
Gross carrying amount			
Balance at 1 July 2017	16,259	91,280	**107,539**
Foreign currency differences	806	4,591	**5,397**
Additions	-	8,788	**8,788**
Balance at 30 June 2018	17,065	104,659	**121,724**
Accumulated depreciation and impairment			
Balance at 1 July 2017	968	24,712	**25,680**
Foreign currency differences	143	1,982	**2,125**
Depreciation expense	4,171	32,993	**37,164**
Balance at 30 June 2018	5,282	59,687	**64,969**
Carrying value			
30 June 2018	11,783	44,972	**56,755**
30 June 2017	15,291	66,568	**81,859**

The useful life of the assets was estimated as follows:

Office equipment	4 years
Computer equipment	3 years

Impairment of fixed assets:
The recoverable amount of fixed assets is estimated to be in line with the carrying values, therefore, no impairment loss has been recognised as at 30 June 2019 or 30 June 2018.

Notes to the financial statements (continued)
For the year ended 30 June 2019

Note 11: Intangible assets

30 June 2019	Notes	Technology	Website development	Provisionally accounted intangibles	**Total**
		$	$	$	**$**
Gross carrying amount					
Balance at 1 July 2018		3,210,540	14,731	2,016,181	**5,241,452**
Foreign currency differences		-	266	-	**266**
Additions		20,207	-	50,000	**70,207**
Acquisition through business combinations – RooLife (note 17)		-	-	558,234	**558,234**
Acquisition through business combinations – CHOOSE Digital (note 17)		-	-	658,233	**658,233**
Acquisition through business combinations – Blackglass (note 17)		-	-	300,000	**300,000**
Balance at 30 June 2019		3,230,747	14,997	3,582,848	**6,828,592**
Accumulated amortisation and impairment					
Balance at 1 July 2018		917,297	5,623	2,016,181	**2,939,101**
Foreign currency differences		-	1,099	-	**1,099**
Amortisation expense		269,793	2,002	-	**271,795**
Balance at 30 June 2019		1,187,090	8,724	2,016,181	**3,211,995**
Carrying value					
30 June 2019		2,043,657	6,273	1,566,667	**3,616,597**
30 June 2018		2,293,243	9,108	-	**2,302,351**

30 June 2018	Technology	Website development	Goodwill	**Total**
	$	$	$	**$**
Gross carrying amount				
Balance at 1 July 2017	3,210,540	14,036	2,016,181	**5,240,757**
Foreign currency differences	-	695	-	**695**
Balance at 30 June 2018	3,210,540	14,731	2,016,181	**5,241,452**
Accumulated amortisation and impairment				
Balance at 1 July 2017	647,504	2,550	2,016,181	**2,666,235**
Foreign currency differences	-	192	-	**192**
Amortisation expense	269,793	2,881	-	**272,674**
Balance at 30 June 2018	917,297	5,623	2,016,181	**2,939,101**
Carrying value				
30 June 2018	2,293,243	9,108	-	**2,302,351**
30 June 2017	2,563,036	11,486	-	**2,574,522**

No impairment loss was recognised during the year (2018: $nil).

Notes to the financial statements (continued)
For the year ended 30 June 2019

Note 12: Trade and other payables (current)

	2019	2018
	$	$
Trade payables (*i*)	**445,365**	73,669
Accruals	**39,781**	46,071
Deferred remuneration *(ii)*	-	371,345
Provisions	**100,727**	88,822
Other current liabilities	**164,330**	-
Other payables	**217,845**	13,053
	968,048	592,960

(i) Trade payables are non-interest bearing and are normally settled on 30-day terms.
(ii) In the 2018 year, certain key management personnel have agreed to defer a portion of their remuneration in order to assist the Company in conserving its cash reserves, as follows:

Mr G Pestell	-	41,519
Mr E Cross	-	28,744
Mr J Shah	-	157,916
Mr R Jarvis	-	90,794
Mr G Irwin	-	52,372
	-	371,345

The deferred portion of key management personnel remuneration was settled by share issuance at $0.035 during the year.

Note 13: Issued capital

Share capital

	2019	2018
	$	$
258,264,140 / 105,083,541 Ordinary shares issued and fully paid	**18,560,841**	13,646,581

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Notes to the financial statements (continued)
For the year ended 30 June 2019

Note 13: Issued capital (continued)

Movement in ordinary share capital

30 June 2019

Date	Details	Number of shares	Issue price	$
1 July 2018	Opening balance	105,083,541	-	13,646,581
28 September 2018	Shares issued on placement [1]	11,428,571	0.035	400,000
28 September 2018	Shares issued to settle outstanding debts	6,783,936	0.035	237,438
11 December 2018	Shares issued on placement [1]	60,000,000	0.035	2,100,000
11 December 2018	Shares issued to settle outstanding debts	2,636,071	0.035	92,262
21 December 2018	Shares issued as consideration for the acquisition of CHOOSE Digital Pty Ltd and RooLife Limited	15,238,095	0.035	533,333
21 December 2018	Shares issued to settle outstanding debts	5,703,925	0.035	199,637
21 January 2019	Share issued on cancellation of performance shares	1	-	-
1 May 2019	Shares issued on placement [2]	33,333,333	0.040	1,333,333
28 June 2019	Shares issued on placement [2]	16,666,667	0.040	666,667
28 June 2019	Shares issued as consideration for corporate and investor relations	1,390,000	0.040	55,600
	Less: Transaction costs arising on share issue [3]			(704,010)
30 June 2019		258,264,140		18,560,841

[1] As announced by the Company on 12 September 2018, the Company received firm commitments to place a total of 71,428,571 new fully paid ordinary shares ("Shares") to sophisticated and professional investors at $0.035 per Share, together with one free attaching option for every two Shares ("Options"), to raise a total of up to $2.5 million before costs ("Placement"). The 35,714,307 Options have an exercise price of $0.05 per Share and an expiry date of 31 October 2021.

The Placement was undertaken in two tranches, the first of which utilised the Company's existing placement capacity under ASX Listing Rules 7.1 and 7.1A. Under the first tranche, which was not subject to shareholder approval, 11,428,571 Shares and 5,714,307 associated Options were issued on 28 September 2018 raising $400,000 before costs.

The second tranche of the Placement was approved by shareholders at the Company's Annual General Meeting ("AGM") on 23 November 2018. Subsequent to the AGM, 60.0 million Shares and 30.0 million associated Options were issued on 12 December 2018, raising $2.1 million before costs.

[2] As announced by the Company on 15 April 2019, the Company has closed its capital raising oversubscribed and has accepted subscriptions under a placement of securities to sophisticated and professional investors to raise $2m before costs.

The Placement was undertaken in two tranches, the first of which utilised the Company's existing placement capacity under ASX Listing Rules 7.1 and 7.1A. Under the first tranche, which was not subject to shareholder approval, 33,333,333 Shares and 16,666,667 associated Options were issued on 1 May 2019 raising $1,333,333 before costs.

The second tranche of the Placement was approved by shareholders at the Company's General Meeting on 28 June 2019. Subsequent to the AGM, 16,666,667 Shares and 8,333,333 million associated Options were issued on 12 December 2018, raising $666,667 before costs.

[3] Triple C Consulting Pty Ltd ("Triple C") acted as Lead Manager to the Placement. As part of the Company's arrangement, the Company agreed to issue 20 million Options to Triple C, which was subject to at least $2.5 million (before costs) being raised under the Placement.

The Company has also agreed to issue 3.5 million Options to Storm Enterprises Pty Ltd ("Storm") for its assistance in relation to the Placement.

Notes to the financial statements (continued)
For the year ended 30 June 2019

Note 13: Issued capital (continued)

The Options issued to Triple C and Storm were approved by shareholders at the Company's AGM. The share-based payment expense of $367,851 related to the Options (refer to note 7 below) has been capitalised and included within the transaction costs arising on share issue.

Triple C Consulting Pty Ltd ("Triple C") acted as Lead Manager to the Placement on 1 May 2019 and 28 June 2019. As part of the Company's arrangement, the Company agreed to issue 3 million Options to Triple C, which was subject to at least $2.5 million (before costs) being raised under the Placement.

30 June 2018

Date	Details	Number of shares	Issue price	$
1 July 2017	Opening balance	105,083,540	-	13,646,581
8 September 2017	Share issued on cancellation of performance shares	1	-	-
30 June 2018		105,083,541		13,646,581

Performance shares related to acquisition of OpenDNA (UK) Limited

	2019	2018
	$ [1]	$ [1]
5,250,000 / 33,250,000 Performance shares	**-**	-

[1] The Performance Shares have been valued at $0.20 each, based on the IPO issue price of the Company's shares. The Company will be required to record the value of these shares in its accounting records over the vesting period, however, this will only commence when the directors believe it is probable that any of the performance milestones will be achieved.

At the date of this report, the directors cannot resolve with any certainty whether it would be considered probable that any of the performance milestones will be achieved. As a result, no value has been recorded in the accounting records.

Performance shares related to acquisition of RooLife Limited and CHOOSE Digital Pty Ltd

	2019	2018
	$	$
15,238,095 Tranche 1 Performance shares [1]	**533,334**	-
15,238,096 Tranche 2 Performance shares [2]	**-**	-

Tranches 1 and 2 performance shares reserved as part consideration for the sale of shares in RooLife Limited and CHOOSE Digital Pty Ltd. These performance shares were valued at $0.035 per share being the Company's share price on the date of acquisition.

[1] The Company has recorded a value of $533,334 for Tranche 1 shares in the accounting records as the directors believed it was probable that the performance milestone would be achieved.

[2] At the acquisition date, the directors cold not resolve with any certainty whether it would be considered probable that the Tranche 2 performance milestone would be achieved. As a result, no value has been recorded in the accounting records.

Notes to the financial statements (continued)
For the year ended 30 June 2019

Note 13: Issued capital (continued)

Performance shares comprise of the following:

	2019 Number	2018 Number
Class A Performance Shares, will convert to ordinary shares upon the Company achieving within five years of issue annualised gross revenue exceeding $3.5m (measured over any three-consecutive month period) or achieving 20m users (at least half of which are directly revenue generative).	**1,800,000**	11,800,000
Class B Performance Shares, will convert to ordinary shares upon the Company achieving within five years of issue annualised gross revenue exceeding $7.5m (measured over any three-consecutive month period) or achieving 30m users (at least half of which are directly revenue generative).	**1,800,000**	11,800,000
Class C Performance Shares, will convert to ordinary shares upon the Company achieving within five years of issue annualised gross revenue exceeding $12m (measured over any three-consecutive month period) or achieving 50m users (at least half of which are directly revenue generative).	**1,650,000**	9,650,000
Tranche 1 Performance Share Milestone, will convert to ordinary shares upon CHOOSE Digital Pty Ltd and RooLife Limited businesses first achieving aggregate revenue of $1.8 million in a rolling 12-month period (as confirmed by audited financial statements).	**15,238,095**	-
Tranche 2 Performance Share Milestone, will convert to ordinary shares upon CHOOSE Digital Pty Ltd and RooLife Limited businesses first achieving aggregate revenue of $3 million in a rolling 12-month period (as confirmed by audited financial statements).	**15,238,096**	-
	35,726,191	33,250,000

The performance shares have been issued to the following Executives:
30 June 2019

	Class A	Class B	Class C	Tranche 1	Tranche 2	Total
Executives						
J Shah [1]	10,000,000	10,000,000	8,000,000	-	-	28,000,000
G Irwin	1,200,000	1,200,000	1,100,000	-	-	3,500,000
R Jarvis	600,000	600,000	550,000	-	-	1,750,000
W Barry	-	-	-	7,619,047	7,619,048	15,238,095
B Carr	-	-	-	3,452,381	3,452,381	6,904,762
	11,800,000	11,800,000	9,650,000	11,071,428	11,071,429	55,392,857
Less: performance shares lapsed	(10,000,000)	(10,000,000)	(8,000,000)	-	-	(28,000,000)
	1,800,000	1,800,000	1,650,000	11,071,428	11,071,429	27,392,857

[1] The performance shares issues to J Shah lapsed, following his cessation of employment with the Company.

30 June 2018

	Class A	Class B	Class C	Total
Executives				
J Shah	10,000,000	10,000,000	8,000,000	28,000,000
G Irwin	1,200,000	1,200,000	1,100,000	3,500,000
R Jarvis	600,000	600,000	550,000	1,750,000
J Loia [1]	600,000	600,000	550,000	1,750,000
	12,400,000	12,400,000	10,200,000	35,000,000
Less: performance shares lapsed	(600,000)	(600,000)	(550,000)	(1,750,000)
	11,800,000	11,800,000	9,650,000	33,250,000

[1] The performance shares issues to J Loia lapsed, following his cessation of employment with the Company.

Refer to Note 15 for details of performance shares issued in relation to the acquisition of RooLife Limited and CHOOSE Digital Pty Ltd.

Notes to the financial statements (continued)
For the year ended 30 June 2019

Note 13: Issued capital (continued)

Share options

The Company has an Incentive Share Option Plan under which options to subscribe for the Company's shares have been granted to certain directors and executives, refer Note 15. In addition, further options were issued to certain directors and executives outside of the Incentive Share Option Plan, but substantially on the same terms and conditions. The Company refers to these as Special Purpose Options and whilst no formal plan has been adopted for these options, the Company refers to any issues outside of the shareholder approval Incentive Share Option Plan as being issued under the Special Purpose Option Plan.

Note 14: Reserves

Nature, purpose and movement of reserves

Share-based payments reserve

This reserve is used to record the value of equity benefits provided to directors and executives as part of their remuneration, as well as to advisors. Refer to note 15 for further details of these plans.

	2019	2018
	$	$
Balance as at 1 July	**831,105**	721,506
Options granted under Plan 1: Special Purpose Share Option Plan (Note 15)	**-**	84,825
Options granted under Plan 2: Incentive Share Option Plan (Note 15)	**33,749**	24,774
Options granted to Lead Manager and Advisory on Placement (Note 15)	**429,310**	-
Performance share reserve issued to vendors of CHOOSE Digital and RooLife	**533,334**	-
Balance 30 June	**1,827,498**	831,105

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Balance 1 July	**(130,228)**	(123,789)
Currency translation differences arising during the year	**(16,562)**	(6,439)
Balance 30 June	**(146,790)**	(130,228)

Note 15: Share-based payment plans

The following share-based payment arrangements were approved at the Company's 2018 Annual General Meeting:

(a) Options:

- 1.5 million Options were issued to the Company's Chief Financial Officer, Richard Jarvis, in connection with the Company's cash preservation strategy (as announced by the Company on 31 July 2018);
- 20 million Options were issued to Triple Consulting Pty Ltd ("Triple C") in connection with its role as lead manager to the Placement and in consideration for the provision of ongoing corporate advisory services;
- 3.5 million Options were issued to Storm Enterprises Pty Ltd ("Storm") in consideration for services provided to the Company; and
- 3 million Options were issued to Triple C in connection with its role as lead manager to the placement on 28 June 2019 and in consideration for the provision of ongoing corporate advisory services.

The Options were issued on the same terms in all respects as those issued under the Placement.

Notes to the financial statements (continued)
For the year ended 30 June 2019

Note 15: Share-based payment plans (continued)

The fair value of the Options are estimated as at the date of grant using the Black and Scholes model taking into account the terms and conditions upon which the options were granted.

	Richard Jarvis	Triple C	Storm	Triple C
	1.5m	20m	3.5m	3m
Expected volatility (%) [1]	89.92%	92.59%	92.59%	93.07%
Risk-free interest rate (%)	2.145%	2.145%	2.145%	0.99%
Expected life of option (days) [2]	1,138	1,073	1,073	856
Exercise price (cents)	5.0	5.0	5.0	5.0
Grant date share price (cents)	3.5	3.2	3.2	4.2

[1] The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

[2] The expected life of the options is not based on historical data and is not necessarily indicative of exercise patterns that may occur. The number of days is calculated by the number of days between the grant date and expiry date of the option.

No other features of options granted were incorporated into the measurement of fair value.

The value brought to account in the share-based payment reserve in the year ended 30 June 2019 as a result of the above was $456,076 of which $26,766 relating to the fair value of Listed Options granted to Richard Jarvis was expensed to the Profit and Loss. The fair value of Options granted to Triple C and Storm amounting to $374,523 and $54,786 respectively (total of $429,309), has been capitalised and included in the transaction costs arising on share issue within equity.

(b) Performance shares related to acquisition of RooLife Limit and CHOOSE Digital

As announced by the Company on 12 September 2018, the Company entered into a binding Heads of Agreement ("HOA") to acquire two Australian-based businesses, CHOOSE Digital and RooLife. Under the HOA, OpenDNA agreed to purchase all of the issued shares in each of CHOOSE Digital and RooLife as a single transaction, which was subsequently approved at the Company's AGM. The consideration for the Acquisition consists of both upfront and "at risk" components, with the majority of that consideration being non-cash and based on the achievement of revenue milestones. Details of the consideration are as follows:

- On completion of the Acquisition ("Completion"), which occurred on 24 December 2018, OpenDNA paid the Acquisition vendors a total aggregate cash amount of $150,000. A total of approximately 15.24 million OpenDNA shares were also issued to the Acquisition vendors, based on an agreed price of $0.035 per share, which will be subject to voluntary escrow for a period of 12 months.

- At Completion, the Acquisition vendors were also issued with approximately 30.5 million performance shares, which will be split equally into two tranches and will be subject to conversion into fully paid ordinary shares in the capital of OpenDNA upon achievement of the following milestones:

  - the Tranche 1 performance shares will convert into shares in OpenDNA on a one-to-one basis upon the CHOOSE Digital and RooLife businesses first achieving aggregate revenue of $1.8 million in a rolling 12-month period (as confirmed by audited financial statements); and

  - the Tranche 2 performance shares will convert into shares in OpenDNA on a one-to-one basis upon the CHOOSE Digital and RooLife businesses first achieving aggregate revenue of $3 million in a rolling 12-month period (as confirmed by audited financial statements),

provided that, should either of the above revenue milestones not be achieved within 5 years of Completion, the corresponding tranche of performance shares to which that milestone relates will lapse automatically.

The Directors are of the opinion that at balance date, it is probable that the Tranche 1 milestone will be achieved. As a result, the value of the 15,238,095 Tranche 1 performance shares, being $533,334, has been recorded as part of the acquisition consideration, with a corresponding amount recorded in the Share Based Payment Reserve. This value is based on a share price of $0.035, being the value of the Company's shares at the date of Completion.

Notes to the financial statements (continued)
For the year ended 30 June 2019

Note 15: Share-based payment plans (continued)

Full terms of the performance shares proposed to be issued to the Acquisition vendors are set out in the Company's Notice of Annual General Meeting, dated 23 October 2018.

Plan 1: Special Purpose Share Option Plan

The purpose of the Special Purpose Share Option Plan ('SPP') is to:
- assist in the reward, retention and motivation of eligible participants;
- link the reward of eligible participants and the creation of shareholder value;
- align interests of eligible participants more closely with the interest of shareholders by providing an opportunity for eligible participants to receive shares;
- provide eligible participants with the opportunity to share in any future growth in value of the Company; and
- provide greater incentive for eligible participants to focus on the Company's longer-term goals.

The following share-based payment arrangements were in place during the current and prior period, under the SPP:

30 June 2019

No options granted under the SPP have been forfeited, exercised or have expired during the year.

30 June 2018

3,000,000 options were granted to the Chief Operating Officer, Mr Loia, which were approved at the Company's 2017 Annual General Meeting. These options were to vest at various dates from 1 January 2018, were to expire at various dates from 30 June 2020 and were exercisable at various prices from $0.30 to $0.40.

The options issued to Mr Loia above were cancelled on Mr Loia's cessation of employment with the Company during the year. As the options had not yet vested, no expense for these share-based payments has been recorded in this financial year.

In addition, 2,500,000 options previously issued to a Director, Mr Lonnie Sciambi, were cancelled on Mr Sciambi's retirement as a Director on 30 November 2017. The share-based payment expense previously recorded relating to a portion of these options that had not yet vested, has been reversed in the current financial year.

The following table illustrates the movement (number) in share options issued under the SPP:

	2019 Number	2018 Number
Outstanding at the beginning of year	**10,500,000**	13,000,000
Granted during the year	**-**	3,000,000
Forfeited during the year	**-**	(5,500,000)
Exercised during the year	**-**	-
Expired during the year	**-**	-
Outstanding at the end of year	**10,500,000**	10,500,000
Exercisable at the end of year	**10,500,000**	10,500,000

The weighted average exercise price for all options noted above was $0.35.

Notes to the financial statements (continued)
For the year ended 30 June 2019

Note 15: Share-based payment plans (continued)

The fair value of the equity-settled share options granted under the SPP is estimated as at the date of grant using the Black and Scholes model taking into account the terms and conditions upon which the options were granted.

	Tranche 1	Tranche 2	Tranche 3
Expected volatility (%) [1]	50%	50%	50%
Risk-free interest rate (%)	1.53%	1.53%	1.53%
Expected life of option (days) [2]	1,095	1,755	2,485
Exercise price (cents)	30	35	40
Grant date share price (cents)	20	20	20

[1] The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

[2] The expected life of the options is not based on historical data and is not necessarily indicative of exercise patterns that may occur. The number of days is calculated by the number of days between the grant date and expiry date of the option.

No other features of options granted were incorporated into the measurement of fair value.

The value brought to account as a share-based payment expense in the year ended 30 June 2019 was $0 (30 June 2018: $84,825).

Plan 2: Incentive Share Option Plan

The purpose of the Incentive Share Option Plan ('ISOP') is to:

- assist in the reward, retention and motivation of eligible participants;
- link the reward of eligible participants and the creation of shareholder value;
- align interests of eligible participants more closely with the interest of shareholders by providing an opportunity for eligible participants to receive shares;
- provide eligible participants with the opportunity to share in any future growth in value of the Company; and
- provide greater incentive for eligible participants to focus on the Company's longer-term goals.

30 June 2019

1,500,000 options were granted to the Chief Financial Officer, Mr Jarvis, in connection with the Company's cash preservation strategy and approved at the Company's 2018 Annual General Meeting. These options have no vesting conditions and expiry date of 31 October 2021 and exercisable at $0.05 and fair value at grant date of $26,766.

No options granted under the ISOP have been forfeited, exercised or have expired during the year.

30 June 2018
The following share-based payment arrangements were in place during the current and prior period, under the Plan:

	Number	Grant date	Expiry date	Exercise price $	Fair value at grant date $	Vesting date
Tranche 5	1,000,000	18 January 2017	18 January 2020	0.30	22,417	18 January 2017
Tranche 6	800,000	18 January 2017	18 January 2020	0.30	17,934	17 October 2017
Tranche 7	600,000	18 January 2017	18 January 2021	0.35	15,283	30 June 2018
Tranche 8	600,000	18 January 2017	18 January 2022	0.40	17,086	30 June 2019
	3,000,000					

Notes to the financial statements (continued)
For the year ended 30 June 2019

Note 15: Share-based payment plans (continued)

There has been no alteration of the terms and conditions of the above share-based payment arrangement since grant date.

No options granted under the ISOP have been forfeited, exercised or have expired during the year.

The fair value of the equity-settled share options granted under the ISOP is estimated as at the date of grant using the Black and Scholes model taking into account the terms and conditions upon which the options were granted.

	Tranche 5	Tranche 6	Tranche 7	Tranche 8
Expected volatility (%) [1]	50%	50%	50%	50%
Risk-free interest rate (%)	1.53%	1.53%	1.53%	1.53%
Expected life of option (days) [2]	1,095	1,095	1,461	1,826
Exercise price (cents)	30	30	35	40
Grant date share price (cents)	15	15	15	15

[1] The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

[2] The expected life of the options is not based on historical data and is not necessarily indicative of exercise patterns that may occur. The number of days is calculated by the number of days between the grant date and expiry date of the option.

No other features of options granted were incorporated into the measurement of fair value.

The value brought to account as a share-based payment expense in the year ended 30 June 2019 was $33,749 (30 June 2018: $24,774).

<u>Value of share based payments</u>

Recognised as a share-based payment expense in the Company's consolidated statement of profit or loss and other comprehensive income:

	2019	2018
	$	$
Options granted under Plan 1: Special Purpose Share Option Plan	**-**	84,825
Options granted under Plan 2: Incentive Share Option Plan	**33,749**	24,774
Shares issued for corporate and investor relations fees (Note 13)	**55,600**	-
	89,349	109,599

Note 16: Financial instruments

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

None of the Group's entities are subject to externally imposed capital requirements.

Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures such as tax and general administrative outgoings.

Notes to the financial statements (continued)
For the year ended 30 June 2019

Note 16: Financial instruments (continued)

Gearing levels are reviewed by the Board on a regular basis in line with its target gearing ratio, the cost of capital and the risks associated with each class of capital.

Categories of financial instruments

	2019	2018
	$	$
Financial assets		
Cash and cash equivalents	**2,093,478**	669,840
Trade and other receivables	**392,637**	303,564
Other current assets	**33,027**	147,598
Financial liabilities		
Trade and other payables	**887,640**	592,960

Financial risk management objectives
The Group is exposed to market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

Market risk
The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates.

Foreign currency risk management
The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the balance date expressed in Australian dollars are as follows:

	Liabilities		Assets	
	2019	2018	2019	2018
	$	$	$	$
Great British Pounds (GBP or £)	4,717	110,946	11,662	425,394
Singapore Dollars (SGD or S$)	28,765	220,542	97,184	214,051

Foreign currency sensitivity analysis
The Group is exposed to both GBP and SGD currency fluctuations.

The following table details the Group's sensitivity to a 10% increase and decrease in the Australian dollar against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number indicates an increase in profit or loss and other equity where the Australian Dollar strengthens against the respective currency. For a weakening of the Australian Dollar against the respective currency there would be an equal and opposite impact on the profit and other equity and the balances below would be negative.

	GBP Impact		SGD Impacts	
	2019	2018	2019	2018
	$	$	$	$
Profit or loss (*i*)	631	28,586	6,220	(590)
Other equity (*ii*)	(264,505)	(269,256)	(342,537)	(254,890)

(i) This is mainly attributable to the exposure outstanding on GBP and SGD net assets at year-end in the Group.

Notes to the financial statements (continued)
For the year ended 30 June 2019

Note 16: Financial instruments (continued)

(ii) This is mainly as a result of the restating of the intercompany loans between the Company and its UK and Singaporean subsidiaries, where on consolidation the exchange rate difference on restating loans into their AUD equivalent is transferred to the foreign exchange translation reserve in equity.

Interest rate risk management

The Group is limited in its exposure to interest rate risk as entities in the Group do not borrow any funds. The only exposure to interest rate risk is on the Group's exposures on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group does not have any significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements.

The Group manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Group has no non-derivative financial liabilities.

Fair value of financial instruments

This note provides information about how the Group determines fair values of various financial assets and liabilities.

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The directors consider that the carrying value of the financial assets and financial liabilities are recognised in the consolidated financial statements approximate their fair values.

Note 17: Business combinations

On 12 September 2018, the Company entered into a binding HOA to acquire two Australian-based businesses, CHOOSE Digital and RooLife. Under the HOA, OpenDNA agreed to purchase all of the issued shares in each of CHOOSE Digital and RooLife as a single transaction, which was subsequently approved at the Company's AGM on 23 November 2018.

As announced by the Company on 21 December 2018, the Acquisition was completed and as a result, both CHOOSE Digital and RooLife became wholly-owned subsidiaries of the Company.

Notes to the financial statements (continued)
For the year ended 30 June 2019

Note 17: Business combination (continued)

Details of the purchase acquisition and net assets acquired are as follows:

RooLife Limited

	$
Cash consideration paid to Acquisition vendors	75,000
6,904,762 fully paid shares in the capital of the Company issued to the shareholders of RooLife Limited, valued at 3.5 cents per share	241,667
6,904,762 Tranche 1 performance shares in the capital of the Company issued to the shareholders of RooLife Limited, valued at 3.5 cents per share	241,667
6,904,762 Tranche 2 performance shares in the capital of the Company issued to the shareholders of RooLife Limited, valued at 3.5 cents per share	- [1]
	558,334

The assets and liabilities recognised as a result of the acquisition are as follows:

	As at 19 December 2018 $
Other receivables	100
	100
Excess consideration paid over net assets acquired [2]	558,234
	558,334

CHOOSE Digital Pty Ltd

	$
Cash consideration paid to Acquisition vendors	75,000
8,333,333 fully paid shares in the capital of the Company issued to the shareholders of CHOOSE Digital Pty Ltd, valued at 3.5 cents per share	291,666
8,333,333 Tranche 1 performance shares in the capital of the Company issued to the shareholders of CHOOSE Digital Pty Ltd, valued at 3.5 cents per share	291,667
8,333,334 Tranche 2 performance shares in the capital of the Company issued to the shareholders of CHOOSE Digital Pty Ltd, valued at 3.5 cents per share	- [1]
	658,333

Notes to the financial statements (continued)
For the year ended 30 June 2019

Note 17: Business combination (continued)

The assets and liabilities recognised as a result of the acquisition are as follows:

	As at 19 December 2018
	$
Cash	10,322
Other receivables	100
Accounts receivable	108,352
Intangible asset – customer contracts [3]	50,000
Accounts payable	(44,658)
Accruals	(756)
Unearned revenue	(27,588)
GST payable	(8,733)
Directors loan account	(28,024)
Deferred payment obligation [3]	(50,000)
Annual leave provision	(8,915)
	100
Excess consideration paid over net assets acquired [2]	658,233
	658,333

[1] The Tranche 2 Performance Shares have been valued at $0.035 each, based on the share price of the Company's shares at date of acquisition. The Company will be required to record the value of these shares in its accounting records over the vesting period, however, this will only commence when the directors believe it is probable that the performance milestone will be achieved. At the date of this report, the directors cannot resolve with any certainty whether it would be considered probable that the performance milestone will be achieved. As a result, no value has been recorded in the accounting records.

[2] At balance date, the initial accounting for the business combinations is incomplete as the Company is currently finalising the allocation of the initial excess consideration noted above. This allocation will be finalised when the 31 December 2019 half yearly financial report is produced and the provisional amounts noted above will be adjusted accordingly.

[3] On 3 August 2018, CHOOSE Digital entered into a binding asset sale agreement with Velpic Limited and Dash Digital Pty Ltd ("Dash Digital"), whereby Choose Digital agreed to acquire key Customer Contracts from Dash Digital for a cash consideration of $50,000.

Subsequently, OpenDNA and Choose Digital entered into a HOA, whereby OpenDNA agreed to provide $50,000 in cash to Dash Digital to satisfy CHOOSE Digital's deferred payment obligation.

Net cash outflow from acquisitions

	$
Cash paid	150,000
Less: Cash acquired on acquisition of CHOOSE Digital	(10,322)
Net cash outflow	139,678

Notes to the financial statements (continued)
For the year ended 30 June 2019

Note 17: Business combination (continued)

Blackglass Pty Ltd

Pursuant to the Company announcement on 12 April 2019, OpenDNA Limited has reached an agreement to acquire digital marketing Company, Blackglass Pty Ltd form ASX-listed IncentiaPay Limited. The consideration payable by the Company in connection with the acquisition is $300,000, subject to a working capital adjustment, which is estimated to be approximately ($80,000). Cash of $100,000 was paid to the vendors with the balance of approximately $119,594 payable subsequent to balance date.

Details of the purchase acquisition and net assets acquired are as follows:

	$
Cash consideration paid to Acquisition vendors	100,000
Cash consideration payable to Acquisition vendors	119,594
	219,594

The assets and liabilities recognised as a result of the acquisition are as follows:

	As at 18 April 2019 $
Cash	60,317
Trade receivables	390,711
Other receivable	70,120
GST refundable	5,016
Accounts payable	(375,271)
Other current liabilities	(158,102)
Payroll liabilities	(44,753)
Leave provisions	(28,444)
	(80,406)
Excess consideration paid over net assets acquired [1]	300,000
	219,594

[1] At balance date, the initial accounting for the business combination is incomplete as the Company is currently finalising the allocation of the initial excess consideration noted above. This allocation will be finalised when the 31 December 2019 half yearly financial report is produced and the provisional amounts noted above will be adjusted accordingly.

Net cash outflow from acquisitions

	$
Cash paid	100,000
Less: Cash acquired on acquisition of Blackglass	(60,317)
Net cash outflow at balance date	39,683

Notes to the financial statements (continued)
For the year ended 30 June 2019

Note 18: Commitments and contingencies

Operating lease commitments – Group as lessee
The Group has entered into commercial leases on certain premises. These leases have an average life of less than 1 year with no renewal option included in the contracts. There are no restrictions placed upon the lessee by entering into these leases.

Future minimum rentals payable under the operating leases are as follows:

	2019	2018
	$	$
Within one year	**67,043**	137,394
After one year but not more than five years	**-**	34,492
More than five years	**-**	-
	67,043	171,886

Capital commitments
As at 30 June 2019 and 30 June 2018 the Group has no capital commitments.

Note 19: Related party disclosure

Parent entity
OpenDNA Limited is the ultimate Australian parent entity and ultimate parent of the Group.

Subsidiaries
Interests in subsidiaries are set out in Note 20 below.

Key management personnel compensation
The aggregate compensation made to directors and other key management personnel of the Group is set out below:

Short-term employee benefits	**1,325,610**	944,509
Post-employment benefits	**36,318**	17,654
Termination benefits	**-**	-
Share-based payments	**485,564**	136,626
	1,847,492	**1,098,789**

During the year ended 30 June 2019 and 30 June 2018, no share options were exercised by, and no loans were made to, key management personnel.

Key management personnel transactions
Related party transactions with key management personnel are described below. These payments were made based on normal commercial terms and conditions.

The following amounts were paid to Murcia Pestell Hillard Pty Ltd, a company related to Mr. G Pestell:		
- provision of general legal services [1]	**214,535**	83,123
- rent for the provision of serviced office space	**-**	4,000
	214,535	87,123

[1] included in the balance of $214,535 is an amount of which $33,040 was converted to ordinary shares (at a price of $0.035 per share).

The following amounts were paid to Storm Enterprises Pty Ltd, a company related to Mr. G Pestell:		
- provision of advisory services in relation to Placement [1]	**54,786**	**-**

[1] Mr G Pestell has a 24% interest in Storm. The entity is not controlled by Mr Pestell, nor does he have the capacity to determine the entity's ability to dispose of securities it holds.

Notes to the financial statements (continued)
For the year ended 30 June 2019

Note 20: Interests in subsidiaries

The consolidated financial statements include the financial statements of OpenDNA Limited and the subsidiaries listed in the following table.

Name of entity	Country of incorporation	% Equity interest 2019 %	% Equity interest 2018 %	Investment 2019 $	Investment 2018 $
OpenDNA (UK) Limited [1]	United Kingdom	100	100	4,865,516	4,865,516
OpenDNA (Singapore) Pte Ltd [2]	Singapore	100	100	98	98
OpenDNA Inc [3]	United States	-	100	-	265
CHOOSE Digital Pty Ltd [4]	Australia	100	-	658,333	-
RooLife Limited [4]	Australia	100	-	558,334	-
RooLife (HK) Limited	Hong Kong	100	-	-	-
Blackglass Pty Ltd [5]	Australia	100	-	300,000	-

[1] On 5 August 2016, the Company entered into individual Share Sale Deeds with each of the shareholders of OpenDNA (UK) Limited, a UK registered company, to acquire 100% of the issued share capital of that company. As a result, OpenDNA (UK) Limited became a wholly-owned subsidiary of the Company at that date.

[2] OpenDNA (Singapore) Pte Ltd was incorporated on 17 September 2016 as a private company limited by shares.

[3] OpenDNA Inc was incorporated on 5 July 2017, incorporated in the state of Delaware, USA. The company has been dissolved on 31 January 2019

[4] As announced by the Company on 21 December 2018, the acquisition of CHOOSE Digital Pty Ltd and RooLife Limited was completed and as a result, both CHOOSE Digital and RooLife became wholly-owned subsidiaries of the Company.

[5] As announced by the Company on 23 April 2019, the acquisition of Blackglass Pty Ltd was completed and as a result, Blackglass Pty Ltd became a wholly-owned subsidiary of the Company.

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and not disclosed in this note.

Details of transactions between the Group and other related entities are disclosed below.

Trading transactions
The following balances were outstanding at the end of the reporting period.

	Consolidated			
	Amounts owed by related parties		Amounts owed to related parties	
	2019	2018	2019	2018
	$	$	$	$
Murcia Pestell Hillard Pty Ltd, a company related to Mr. G Pestell	-	-	5,622	15,446

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

Notes to the financial statements (continued)
For the year ended 30 June 2019

Note 21: Parent entity disclosures

Financial position

	2019	2018
	$	$
Assets		
Current assets	**1,793,174**	533,912
Non-current assets – equipment	**3,013**	2,954
Non-current assets – investments in and loans to, subsidiaries	**3,895,899**	2,398,540
Total assets	**5,692,086**	2,935,406
Liabilities		
Current liabilities	**441,112**	269,038
Total liabilities	**441,112**	269,038
Net assets	**5,250,974**	2,666,368
Equity		
Issued capital, net of capital raising costs	**18,560,841**	13,646,581
Share-based payments reserve	**1,827,498**	831,105
Accumulated losses	**(15,137,365)**	(11,811,318)
Total equity	**5,250,974**	2,666,368

Financial performance

Loss for the year	**(3,326,047)**	(3,974,293)
Other comprehensive loss	**-**	-
Total comprehensive loss	**(3,326,047)**	(3,974,293)

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

As at 30 June 2019, OpenDNA Limited has not entered into any cross guarantees with any of its subsidiaries (30 June 2018: Nil).

Contingent liabilities of the parent entity

As at 30 June 2019 the Company has no contingent liabilities (30 June 2018: Nil).

Capital commitments

As at 30 June 2019 the Company has no capital commitments (30 June 2018: Nil).

Notes to the financial statements (continued)
For the year ended 30 June 2019

Note 22: Auditor's remuneration

The auditor of OpenDNA Limited is HLB Mann Judd.

	2019	2018
	$	$
Auditor of the parent entity		
Audit or review of the financial statements	**31,915**	27,250
Taxation compliance	**7,230**	-
	39,145	27,250
Network firm of the parent Company auditor		
Audit or review of the financial statements of OpenDNA (UK) Limited	**-**	14,144
Non-network firm of the parent Company auditor		
Audit or review of the financial statements of OpenDNA (Singapore) Pte Ltd	**-**	7,206

Note 23: Events subsequent to the reporting date

No matters or circumstances have arisen after balance date which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs in future financial years.

Directors' declaration

1. In the opinion of the directors of OpenDNA Limited (the 'Company'):

   a. the accompanying financial statements and notes are in accordance with the Corporations Act 2001 including:

      i. giving a true and fair view of the Group's financial position as at 30 June 2019 and of its performance for the year then ended; and

      ii. complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.

   b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

   c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2019.

This declaration is signed in accordance with a resolution of the board of directors.

B. E. Carr.

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Bryan Carr
Director
Dated: 5 September 2019

INDEPENDENT AUDITOR'S REPORT
To the members of OpenDNA Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of OpenDNA Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1(e) in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

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Key Audit Matter	How our audit addressed the key audit matter
Acquisition Accounting Note 17 of the financial report	
During the year the Group acquired 100% of the issued capital of RooLife Limited, CHOOSE Digital Pty Ltd and Blackglass Pty Ltd. These were considered significant acquisitions by the Group. All acquisitions have been provisionally accounted for in line with the provisions of AASB 3 *Business Combinations*. We focused on this area as a key audit matter as accounting for these transactions is a complex and judgemental exercise, requiring management to determine the fair value of acquired assets and liabilities, in particular determining the allocation of purchase consideration to goodwill and separately identifiable intangible assets.	Our procedures included, but were not limited to the following: - We read the acquisition agreements giving effect to the acquisitions to understand their key terms and conditions; - We agreed the fair value of the consideration paid to supporting information; - We obtained audit evidence that the acquisition-date assets and liabilities of each business were fairly stated; - We considered the accounting for the excess of the consideration paid over the identifiable net assets acquired, having regard to the Group's application of provisional accounting concepts in accordance with AASB 3; and - We assessed the adequacy of the Group's disclosures in the financial report in respect of the acquisitions.
Carrying value of Intangible Technology Asset Note 11 of the financial report	
In accordance with AASB 136 *Impairment of Assets*, the Group was required to assess at balance date whether there was any indication that the Technology Asset may have been impaired and if any such indication existed, the Group was required to estimate the recoverable amount of the asset. The result of the Group's assessment was that it did not consider that there was any indication that this asset may have been impaired at balance date. Our audit focussed on the Group's assessment as to whether there was any indication that this asset may have been impaired, as the asset is one of the most significant assets of the Group. We planned our work to address the audit risk that the asset may have been impaired.	Our procedures included, but were not limited to the following: - We reviewed management's assessment of whether any impairment indicators existed that would require the Technology Asset to be tested for impairment; and - We considered the indicators of impairment set out in AASB 136 to determine whether any indicators existed that would require the Group to test its Technology Asset for impairment.

Key Audit Matter	How our audit addressed the key audit matter
Revenue recognition Note 2 of the financial report	
The Group has two distinct categories of revenue being revenue with performance obligations recognised at a point in time and revenue with performance obligations recognised over time. We focused on this area as a key audit matter due to the number and type of estimation events that may occur over the course of a contract life, leading to complex and judgemental revenue recognition and the direct impact on profit.	Our procedures included, but were not limited to the following: - We evaluated the appropriateness of the Group's revenue recognition policies against the requirements of AASB 15 *Revenue from Contracts with Customers*; - For a sample of revenue transactions we assessed the performance obligations, the transaction price and any contract liabilities that may arise, the allocation of the transaction price, and when to recognise revenue, either at a point in time, or over time; - For a sample of revenue designated for over time recognition, we assessed the methodology and accuracy of recognising profit at the stage of completion at balance date; - We substantiated revenue transactions on a sample basis by agreeing the transaction to the sales invoice and bank receipt, where relevant; and - We assessed the adequacy of the Group's disclosures in the financial report.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of OpenDNA Limited for the year ended 30 June 2019 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
5 September 2019

L Di Giallonardo
Partner

Additional Securities Exchange Information

The shareholders information set out below was applicable as at 28 August 2019.

(a) Distribution of equity securities

The following is a distribution schedule for fully paid ordinary shares:

Range	Total holders	Units	% of Issued Capital
1 - 100	22	6,084	0.00
101 - 1,000	30	131,626	0.05
1,001 - 10,000	92	836,993	.032
10,001 - 100,000	521	20,845,828	8.07
100,001 - 1,000,000	306	236,443,609	91.55
1,000,001 Over	22	6,084	0.00
Rounding			0.01
Total	**971**	**258,264,140**	**100.00**

Unmarketable Parcels

	Minimum Parcel Size	Holders	Units
Minimum $ 500.00 parcel at $0.038 per unit	13,158	204	1,682,877

The following is a distribution schedule for Listed Options

Range	Total holders	Units	% of Issued Capital
1 - 1000	33	33	0.00
1,001 - 5000	0	0	0.00
5,001 – 10,000	0	0	0.00
10,001 – 100,000	17	1,182,823	1.33
100,001 Over	92	87,541,451	98.67
Rounding			0.00
Total	**142**	**88,724,307**	**100**

(b) Equity security holders

The following is a listing of the top 20 holders of fully paid ordinary shares.

Rank	Name	Units	% of Units
1.	MR JAY SHAH	32,338,332	12.52
2.	BARRY CONSULTING PTY LTD <BARRY FAMILY A/C>	7,619,047	2.95
3.	MR STEWART WILKINSON	6,365,244	2.46
4.	PELLICCIONE SF PTY LTD <PELLICCIONE S/F A/C>	5,630,449	2.18
5.	CITICORP NOMINEES PTY LIMITED	5,591,630	2.17
6.	PASSIO PTY LTD <G WESTON & ASSOC S/F A/C>	5,308,500	2.06
7.	MR GARY ROGER KNIGHTS <KNIGHTS FAMILY A/C>	4,166,667	1.61
8.	MR RICHARD ALAN JARVIS + MRS LINDA FRANCES JARVIS <THE JARVIS FAMILY A/C>	4,011,905	1.55
9.	MR PETER DAVID SHEPPEARD + MRS SHARON FAY SHEPPEARD <SHEPPEARD FAMILY S/F A/C>	4,000,000	1.55
10.	MR JEREMY NICHOLAS TOLCON	4,000,000	1.55
11.	MR BRYAN EDWARD CARR <SHABAZ FAMILY A/C>	3,452,381	1.34
12.	MRS QUYNH CHI PHAN	3,196,361	1.24
13.	PARRY CAPITAL MANAGEMENT LIMITED	2,857,143	1.11
14.	DIGREVNI INVESTMENTS PTY LTD <DIGREVNI A/C>	2,500,000	0.97
15.	FERGUSON CORPORATION PTY LTD	2,500,000	0.97
16.	NORTHWEST ACCOUNTANCY PTY LTD <THE PKKP PEOPLES A/C>	2,500,000	0.97
17.	MR JEREMY NICHOLAS TOLCON + MRS NADINE RUTH TOLCON <JEMINE SUPER FUND A/C>	2,500,000	0.97
18.	PARRY CAPITAL MANAGEMENT LTD <PARRY SPEC SIT SP FUND A/C>	2,405,517	0.93
19.	ARTEMIS CORPORATE LIMITED	2,264,107	0.88
20.	MR PETER NESVEDA	2,116,000	0.82
Totals: Top 20 holders of ORDINARY SHARES (GROUPED)		**105,323,283**	**40.78**
Total Remaining Holders Balance		**152,940,857**	**59.22**

The following is a listing of the top 20 holders of Listed Options.

Rank	Name	Units	% of Units
1.	MR PETER DAVID SHEPPEARD <SHEPPEARD FAMILY A/C>	6,809,858	7.68
2.	PIGEQUITY PTY LTD	5,500,000	6.20
3.	MTR CONTROLLED EQUITIES PTY LTD	4,222,479	4.76
4.	STORM ENTERPRISES PTY LTD	3,500,000	3.94
5.	ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	3,373,415	3.80
6.	MR PHILIP ANDREW THICK	3,299,999	3.72
7.	WHITE SWAN NOMINEES PTY LTD	2,857,143	3.22
8.	MR PETER DAVID SHEPPEARD <SHEPPEARD FAMILY NO 2 A/C>	2,510,001	2.83
9.	UBS NOMINEES PTY LTD	2,298,524	2.59
10.	PELLICCIONE SF PTY LTD <PELLICCIONE S/F A/C>	2,142,858	2.42
11.	PASSIO PTY LTD <G WESTON & ASSOC S/F A/C>	2,106,250	2.37
12.	EST MR BRANDON FRANCIS HUGHES	2,000,000	2.25
13.	MR PETER DAVID SHEPPEARD + MRS SHARON FAY SHEPPEARD <SHEPPEARD FAMILY S/F A/C>	2,000,000	2.25
14.	MR JEREMY NICHOLAS TOLCON	2,000,000	2.25
15.	INTERNATIONAL BUSINESS NETWORK (SERVICES) PTY LTD	1,950,000	2.20
16.	PARRY CAPITAL MANAGEMENT LTD <PARRY SPEC SIT SP FUND A/C>	1,875,000	2.11
17.	MR RICHARD ALAN JARVIS + MRS LINDA FRANCES JARVIS <THE JARVIS FAMILY A/C>	1,500,000	1.69
18.	RUCKING INVESTMENTS PTY LTD <RUMBLE ROAR A/C>	1,500,000	1.69
19.	ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <SETTLEMENT A/C>	1,428,572	1.61
20.	PARRY CAPITAL MANAGEMENT LIMITED	1,428,572	1.61
Totals: Top 20 holders of ORDINARY SHARES (GROUPED)		**54,302,671**	**61.20**
Total Remaining Holders Balance		**34,421,636**	**38.80**

The following unlisted options are on issue:

Number of Options	Number of holders	Option Terms
4,500,000	4	Options exercisable at $0.30 expiring 9 September 2019
3,000,000	3	Options exercisable at $0.35 expiring 30 June 2021
3,000,000	3	Options exercisable at $0.40 expiring 30 June 2023
2,000,000	3	Options exercisable at $0.30 expiring 11 November 2020
1,800,000	1	Options exercisable at $0.30 expiring 18 January 2020
600,000	1	Options exercisable at $0.35 expiring 18 January 2021
600,000	1	Options exercisable at $0.40 expiring 18 January 2022
15,500,000		

The following Performance Shares are on issue:

Number of Performance Shares	Number of holders	Performance Share Terms
1,800,000	2	Class A Performance Shares
1,800,000	2	Class B Performance Shares
1,650,000	2	Class C Performance Shares
15,238,095	3	Tranche 1 Performance Shares
15,238,095	3	Tranche 2 Performance Shares
35,726,190		

(c) Restricted Securities

The following are restricted securities currently on issue:

- 15,238,095 Fully Paid Ordinary Shares voluntary escrowed to 20 December 2019.

(d) Voting rights

Every ordinary shareholder present in person or by proxy at meetings of shareholders shall have one vote for every share held.

Option holders and Performance Share Holders have the right to attend meetings but have no voting rights until the options are exercised.

(e) Substantial holders

The following shareholders have lodged substantial shareholder notices with the Company:

- Mr Jay Shah, holding 32,338,332 shares representing 12.52% of the total shares on issue ..

(f) Corporate governance statement

In accordance with ASX Listing Rule 4.10.3, the Company's Corporate Governance Statement can be found on its website at www.opendna.ai.