

Appendix 4E –Preliminary Final Report

30 June 2019

ABN 18 074 969 056

Leaf Resources Limited

ABN 18 074 969 056

1. Reporting Period and previous corresponding period.

Reporting period:	Year Ended 30 June 2019
Previous reporting period:	Year Ended 30 June 2018

2. Results for announcement to the market.

Key Information

					\$'000
Revenue from ordinary activities	No change				0
(Loss) from ordinary activities after tax attributable to members	Up	54%	to	(6,764)	
(Loss) for the period attributable to members	Up	54%	to	(6,764)	

The Group's operating loss after tax for the year ended 30 June 2019 amounted to \$6,763,742 (30 June 2018 – loss of \$4,385,972).

Dividends	Amounts per share	Franked amount per share
	Cents	Cents
Final	Nil	N/A
Interim	Nil	N/A
Record date for determining entitlements		N/A

Explanation of results

Expenditure for the current financial period increased by \$4.67m compared to the corresponding financial year, primarily represented by the following;

- research and development expenses (up \$2.48m, 135% on the prior year),
- non-cash expenditure (mainly related to depreciation up \$1.5m, 833% on the prior year),
- increased expenditure on project related expenses (up \$220k, 60% on the prior year),
- financing costs (mainly interest on the R&D loan and promissory notes up \$112k, 3,234% on the prior year),
- Corporate costs and general overheads were down 5% to \$1.6m.

The project expenditure has been used to further progress the first biorefinery project in Malaysia. Throughout the year the Company has completed several important foundation elements of the Malaysian project.

During the year, Leaf Malaysia received additional and ongoing support from the Malaysian Government for the proposed Glycell™ biorefinery project at Segamat in Johor Province, Malaysia. This support now includes the approval of a less developed area 10-year tax incentive and the granting of a manufacturing

licence that enables the right to manufacture fermentable sugars, glycerol and lignin coming from the project in Malaysia.

Combined with an option to purchase land for the project and continued support from the site located EFB fibre production plant, Biovision & Greenenergy Sdn Bhd, the Leaf Malaysia project has established the core elements required to progress the project.

In the latter part of the financial year the company made the decision to seek a local Malaysian partner in order to meet requirements for the Malaysian government Technical Depository Agency (TDA) funding for the project. In doing so Leaf Resources and Leaf Development LLC (the Joint Venture established with Claeris LLC) will be able to reduce Leaf Resources future financial commitments to the Malaysian project if an application for TDA funding is successful.

The group's investment in research and development activities for FY19 increased \$2.48m compared to the prior year and was almost exclusively focused on conducting the demonstration study at BPF in the Netherlands aimed at establishing sufficient data on the project feedstock, empty fruit bunch (EFB), and the integration of the process to enable detailed engineering and estimation for the projects definitive feasibility study. This work provided a substantial data package on EFB and tonne amounts of material for sample generation for offtake partner testing. In FY20 the Company will reduce its direct expenditure on R&D as the business focusses its efforts on the commercialisation of the Glycell technology via the Malaysian biorefinery project.

Looking to the year ahead, the Company's priorities are to formalise the new ownership structure of Leaf Malaysia (involving our 51% Malaysian partner) and to complete submission of the application to qualify the project via the TDA Industrial Collaboration Program (ICP). With additional funding to hand, Leaf Malaysia will then seek to continue the Front-end Engineering and Design study (FEL3) that will support the Malaysian project investment package. The Company will provide technical and partnering efforts to Leaf Malaysia in working with potential offtake partners with a view to entering into contractual commitments when the financing program is in place.

The Company also completed a pre-feasibility study focused on the potential siting of a Glycell biorefinery in Queensland using sugarcane biomass residues. The findings of the study have encouraged the Company to provide effort and move the potential project forward. The project has also received support from the Queensland government through its Biofutures program. The Company will look to engage with Queensland University of Technology (QUT) and its Biocommodities Centre with a view to leverage R&D capabilities.

Expenditure for the coming FY20 year is anticipated to be considerably lower than FY19 with the integrated design study now complete. This expenditure may also be offset by anticipated funding from Technical Depository Agency (TDA) and potentially other non-dilutive sources including, the completion of the R&D tax incentive claim for FY19 which will provide additional funding to the Group of approx. \$900,000 after settling liabilities for R&D financing.

The Board & management will continue to manage capital in a prudent manner that benefits shareholders, seeking capital as required to support the advancement of defined milestones associated with the Malaysian project and bring project definition to the Queensland project.

3.-6. Additional Appendix 4E disclosures (items 3-6) can be found in the following financial statements for the year ended 30 June 2019 and accompanying notes.

7. No dividends or distribution payments have been made during the year.

8. No dividend or distribution reinvestment plans are in operation.

9. Net Tangible Assets.

	Current Year	Previous Year
Net tangible asset backing per ordinary share	(0.19) cents	0.57 cents

10. Details of entities over which control has been granted or lost.

Control gained over entities	N/A
Control lost over entities	N/A

11. Details of associates and joint venture entities.

Refer to disclosure in the notes to the account as attached below

12. Going concern note / Significant information.

Refer to disclosure in the notes to the account as attached below

13. Foreign entities.

N/A

14. Commentary on the results for the period.

14.1 Earnings per share

	2019	2018
EPS (cents)	(2.34)	(2.01)
Dividends (cents/share)	-	-
Net profit/(loss) (\$)	(6,763,742)	(4,385,972)
Share price (\$)	0.03	0.08

14.2 Returns to shareholders including distributions and buy backs – refer to section above.

14.3 Significant features of operating performance – refer above and to accounts below.

14.4 The results of segments that are significant to an understanding of the business as a whole

The business operates in only one segment – refer to the accounts below.

14.5 A discussion of trends in performance – refer above and to the accounts below.

14.6 Unless otherwise explicitly stated above or in the financial statements and the notes to the financial statements there are no other significant factors that could not be quantified.

15. Audit

This report is based on the financial statements which are in the process of being audited; it is anticipated that the Audit Opinion will be unqualified with an emphasis of matter paragraph with respect to going concern.



Date: 30 August 2019

Tim Pritchard
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2019

	Notes	2019 \$	2018 \$
Other income	4	3,246,269	958,207
Mining lease expenses		(5,024)	(5,308)
Depreciation, amortisation and impairment	5	(1,601,036)	(8,578)
Employee benefits expense	5	(1,040,680)	(1,070,658)
Directors' & officers' fees & CEO		(650,315)	(730,092)
Business operation		(124,446)	(156,000)
Finance expense		(251,971)	9,801
Professional fees		(607,043)	(124,486)
Investor relations & corporate advisory		(245,807)	(307,943)
Travel and accommodation		(492,296)	(277,197)
Research and development		(3,362,746)	(1,330,574)
Patent and licence fees		(135,705)	(26,152)
Share of loss of equity accounted associate		(1,477,493)	(1,247,096)
Other expenses		(15,449)	(69,896)
Loss before income tax		(6,763,742)	(4,385,972)
Income tax expense		-	-
Loss for the year from continuing operations		(6,763,742)	(4,385,972)
Loss from discontinued operations		-	-
Loss for the year		(6,763,742)	(4,385,972)
Other comprehensive income for the year, net of tax		-	-
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translating foreign operations		81,866	(8,238)
Income tax on items that may be reclassified to profit or loss	6	-	-
Other comprehensive income for the year, net of tax		81,866	(8,238)
Total comprehensive loss for the year		(6,681,876)	(4,394,210)

Earnings Per Share from Continuing Operations

Basic loss per share (cents)	9	(2.34)	(2.01)
Diluted loss per share (cents)	9	(2.34)	(2.01)

Note: This statement should be read in conjunction with the notes to the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Notes	2019 \$	2018 \$
Current Assets			
Cash and cash equivalents	10, 23(a)	293,601	558,052
Trade and other receivables	11	2,902,215	1,015,697
Total Current Assets		3,195,816	1,573,749
Non-Current Assets			
Investments accounted for using the equity method	12	-	368,462
Property, plant and equipment	13	28,511	811,574
Other financial assets		-	-
Intangible assets	14	-	-
Total Non-Current Assets		28,511	1,180,036
Total Assets		3,224,327	2,753,785
Current Liabilities			
Trade and other payables	15	1,289,665	1,178,515
R&D Financing Payable	16	1,905,722	-
Promissory Notes Payable	17	259,107	-
Employee benefits	18	304,688	120,693
Provisions	19	50,000	50,000
Total Current Liabilities		3,809,182	1,349,208
Non-Current Liabilities			
Employee benefits	18	753	34,390
Total Non-Current Liabilities		753	34,390
Total Liabilities		3,809,935	1,383,598
Net Assets		(585,608)	1,370,187
Equity			
Issued capital	20	55,749,498	51,128,441
Reserves	21	908,323	1,163,367
Accumulated losses	22	(57,243,429)	(50,921,621)
Total Equity		(585,608)	1,370,187

Note: This statement should be read in conjunction with the notes to the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2019

	Attributable to equity holders of the parent				
	Issued Capital \$	Accumulated Losses \$	Share Based Payment Reserve \$	Foreign Currency Translation Reserve \$	Total Equity \$
Balance at 1 July 2017	46,360,004	(46,543,589)	1,094,099	(48,953)	861,561
Loss for the year ended 30 June 2018	-	(4,385,972)	-	-	(4,385,972)
Other comprehensive income	-	-	-	(8,238)	(8,238)
Total comprehensive loss for the year	-	(4,385,972)	-	(8,238)	(4,394,210)
Transactions with owners in their capacity as owners					
Shares issued	4,912,383	-	-	-	4,912,383
Share issue transactions costs	(143,946)	-	-	-	(143,946)
Share based payments	-	7,940	126,459	-	134,399
Balance at 30 June 2018	51,128,441	(50,921,621)	1,220,558	(57,191)	1,370,187
Balance at 1 July 2018	51,128,441	(50,921,621)	1,220,558	(57,191)	1,370,187
Loss for the year ended 30 June 2019	-	(6,763,742)	-	-	(6,763,742)
Other comprehensive income	-	-	-	81,866	81,866
Total comprehensive loss for the year	-	(6,763,742)	-	81,866	(6,681,876)
Transactions with owners in their capacity as owners					
Shares issued	4,966,000	-	-	-	4,966,000
Share issue transactions costs	(344,943)	-	105,024	-	(239,919)
Share based payments	-	-	-	-	-
Cost of share based payments - lapsed options and rights	-	441,934	(441,934)	-	-
As at 30 June 2019	55,749,498	(57,243,429)	883,648	24,675	(585,608)

Note: This statement should be read in conjunction with the notes to the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2019

	Notes	2019 \$	2018 \$
Operating activities			
Receipts from customers		353,655	2,990
Payments to suppliers & employees		(6,583,852)	(3,346,343)
Interest received		544	6,494
R&D tax incentive refund		961,192	645,813
Net cash from operating activities	23(b)	(5,268,461)	(2,691,046)
Investing activities			
Payments for investment in equity accounted joint venture		(1,027,165)	(1,537,554)
Purchase of property, plant and equipment		(700,380)	(521,494)
Net cash from investing activities		(1,727,545)	(2,059,048)
Financing activities			
Proceeds from issue of share capital		4,966,000	4,878,365
Share issue transaction costs		(289,445)	(143,946)
Proceeds from borrowings		2,055,000	-
Net cash from / (used in) financing activities		6,731,555	4,734,419
Net (decrease)/increase in cash and cash equivalents		(264,451)	(15,675)
Cash and cash equivalents at the beginning of the financial year		558,052	573,727
Cash and cash equivalents at the end of the financial year	23(a)	293,601	558,052

Note: This statement should be read in conjunction with the notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 Nature of operations

Leaf Resources Limited and Subsidiaries' (the Group) principal activities include the commercial development of the Group's Glycell™ process and management of the Group's intellectual property and patent portfolio. The Group is engaged in a joint venture, Leaf Development, LLC to develop renewable chemical projects.

2 General information and statement of compliance

The consolidated general purpose financial statements of the Group have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB). Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Leaf Resources Limited is a for-profit entity for the purpose of preparing the financial statements.

Leaf Resources Limited is the Group's Ultimate Parent Company. Leaf Resources Limited is a Public Company incorporated and domiciled in Australia. The address of its registered office and its principal place of business is Suite 3, 1 Westlink Court, Darra, Queensland 4076, Australia.

The consolidated financial statements for the year ended 30 June 2019 were approved and authorised for issue by the Board of Directors on 28 August 2019.

3 Going Concern

This report adopts the going concern basis of accounting, which contemplates the realisation of assets and the discharge of liabilities and commitments in the ordinary course of business.

The Group has significantly progressed the commercialisation objectives for its lead proprietary technology and is ready to pursue these objectives towards priority project geographies. The integrated demonstration study (IDS) was a study completed by Leaf in the beginning of 2019 at the BioProcess Pilot Facility in the Netherlands showing each process unit operation working as a whole using Malaysian project biomass. The completion of the IDS has positioned the company with respect to Malaysian biomass, empty fruit bunch (EFB), progressing to the FEL3 study and towards bankable feasibility for the Malaysian project.

Management understands that its current commitment to fund the ongoing commercialisation objectives and to continue as a going concern requires funds to be raised. The Company is pursuing a strategy which manages the impact of dilution on shareholders equity and intends to raise smaller sums as each set of milestones is passed and the lead project gets closer to commercialisation. Since the end of the reporting period, the Company has conducted a rights issue which has received positive support from shareholders, and it is anticipated to raise funds exceeding \$500,000.

In addition to other fund raising, the completion of the R&D tax incentive claim for FY19 will provide additional funding to the Group of approx. \$900,000 after settling liabilities for R&D financing.

Progress on approval of funding from the Technology Development Authority (TDA) in Malaysia is progressing well. With the completion of an agreement for a Malaysian based company to take a 51% share of Leaf Malaysia OpCo Sdn Bhd (a prerequisite for TDA funding approval), final submissions can now be achieved for TDA approval. The company has been advised by the TDA that pre-construction funding is available from the TDA program and this has been incorporated into the project submission which is due to be reviewed by the TDA and Malaysian Ministry of Finance in September/October 2019. This pre-construction funding will provide funds to cover the completion of the FEL3 study, the generation of sugar samples, as well as a large portion of the balance of funds due to BPF for the IDS. Discussions with the TDA so far have been favorable and it is anticipated that this funding will be approved and received within the current financial year based on timeframes indicated by the TDA.

With this result in hand, Leaf requirements on capital will be less due to reimbursable costs from Leaf Malaysia becoming available.

Based on the Company's recent and historic ability to raise capital, the progress of the Malaysian project and the establishment of a local partner to assist in accessing local non-dilutive or Government funded capital the Directors have a reasonable expectation that they will be able to raise further sufficient funds in the equity markets to provide adequate levels of working capital to fund the company's strategic goals. They believe therefore that the Group continues to be a going concern and that it will be able to pay its debts as and when they fall due for a period of at least 12 months from the date of this report.

On this basis the Directors believe that the going concern basis of presentation is appropriate. No adjustments have been made relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Group not have the ability to continue as a going concern.

If for any reason the Group is unable to continue as a going concern, it would impact on the Group's ability to realise assets at their recognised values and to extinguish liabilities in the normal course of business at the amounts stated in the consolidated financial statements.

4. Other income

	2019 \$	2018 \$
R&D tax incentive	2,872,071	941,191
Services transferred over time	358,440	-
Interest income	544	6,494
Other	15,214	10,522
	3,246,269	958,207

5. Expenses

	Notes	2019 \$	2018 \$
Depreciation, amortisation and impairment expense			
Depreciation of property, plant and equipment	15	1,601,036	8,578
		1,601,036	8,578
Employee Benefits Expense			
Salaries, wages & bonus		676,906	699,328
Superannuation		60,160	53,894
Share based payments		10,803	83,384
Other employee benefits		292,811	234,052
		1,040,680	1,070,658
Rental expense relating to operating leases			
Minimum lease payments		59,696	68,587
Net foreign exchange differences		132,312	23,289

6. Income tax

Reconciliation between the income tax benefit and the expected tax expense (income) based on the Group's applicable income tax rate is as follows:

	Note	2019 \$	2018 \$
Loss before income tax		(6,763,742)	(4,385,972)
Income tax at 27.5% (2018: 30%)		(1,860,029)	(1,315,792)
Loss relating to foreign subsidiary		406,310	374,129
Expenditure not allowable for income tax purposes		16,863	212,904
Temporary differences (deferred tax)		(784,575)	(323,348)
Unrecognised/ (recognised) tax losses		569,545	403,010
Expenditure incurred in relation to R&D tax incentive		1,651,886	649,097
Adjustment in respect of prior year's R&D tax incentive		-	-
Actual income tax benefit		-	-
Income tax refund comprises:			
Current tax expense (income)		-	-
Deferred tax expense (income)		-	-
Income tax benefit		-	-

Losses

At 30 June 2019, the Group has carry forward tax losses of approximately \$24.0 million not brought to account (2018 \$22 million). The deferred tax asset which may be derived from these tax losses, has not been carried forward as an asset in the balance sheet and will only be recognised if:

- (i) the Group derives assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss to be realised;
- (ii) the Group continues to comply with the conditions for deductibility imposed by law; and
- (iii) no changes in tax legislation adversely affect the Group in realising the benefit from the deductions for the losses.

Deferred income tax	2019 \$	2018 \$
Deferred tax assets		
-Provisions	83,996	61,525
-Share capital costs	140,331	115,954
-Patents	106,783	95,160
-Legal fees	7,702	6,488
-Property, plant and equipment	-	1,613
-Tax losses	6,856,434	6,867,168
Deferred tax liabilities		
-Accrued income	-	-
Total deferred tax assets	6,856,434	7,147,908

The Group has not recognised the deferred income tax and deferred tax assets in the financial statements as it is not probable that sufficient taxable amounts will be available in future periods to offset the deferred tax assets.

7. Auditor remuneration

	2019 \$	2018 \$
Audit and review of financial statement Grant Thornton	54,163	52,493
Taxation compliance services Grant Thornton	22,699	5,500
Total auditor's remuneration	76,862	57,993

8. Remuneration of key management personnel

Key management personnel compensation:

	2019 \$	2018 \$
Short-term employee benefits	1,055,997	919,808
Post-employment benefits	78,723	57,211
Share based payments*	53,042	81,580
	1,187,762	1,058,599

* Detailed remuneration disclosures are provided in the remuneration report.

9. Earnings per share

Both the basic and diluted earnings per share have been calculated using the profit attributable to shareholders of the parent company (Leaf Resources Limited) as the numerator.

Reconciliation of earnings used in calculating earnings per share	2019 \$	2018 \$
Loss attributable to the parent entity used in the calculation of basic and dilutive EPS	(6,763,742)	(4,385,972)
Loss attributable to the parent entity	(6,763,742)	(4,385,972)
Weighted average number of ordinary shares		Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	289,446,313	218,625,131
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per shares	289,446,213	218,625,131

Calculation of dilutive EPS

As at 30 June 2019 there were:

- 17,829,895 unlisted options and 972,599 unlisted performance rights on issue which have vested; and
- 4,585,684 unlisted options on issue which have not yet vested.

The 17,829,895 unlisted options and 972,599 unlisted performance rights that have vested were excluded from the calculation of diluted earnings per share due to the group being in a loss position.

As at 30 June 2018, there were 6,694,017 unlisted options and 1,145,747 unlisted performance rights on issue which had vested and were excluded from the calculation of diluted earnings per share due to the group being in a loss position.

10. Cash and cash equivalents

Cash and cash equivalents include the following components:

	2019 \$	2018 \$
Cash at bank and in hand		
Cash held in \$AUD	291,634	497,320
Cash held in \$USD (converted to \$AUD)	674	6,540
Cash held in EURO (converted to \$AUD)	1,293	54,192
Cash and cash equivalents	293,601	558,052

11. Trade and other receivables

	2019 \$	2018 \$
Trade receivables	21,128	21,850
Credit losses	-	-
Net trade receivables	21,128	21,850
GST receivable	2,749	22,745
Prepayments	4,171	21,765
Deposit landlord	-	6,050
Accrued income	2,096	2,096
R&D tax incentive refundable	2,872,071	941,191
Total Trade and other receivables	2,902,215	1,015,697

All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value. Trade and other receivables are assessed for recoverability and an allowance for credit loss is recognised when there is objective evidence that an individual trade or other receivable is impaired. At 30 June, the following amount was past due. No allowance for credit loss has been made as it is reasonably expected that these amounts will be collected in full within 6 months of the reporting date.

The receivable for R&D tax incentive will be partly used to settle the R&D financing borrowing as the incentive receivable is secured under the terms of the loan agreement.

Trade and or other receivables past due at 30 June 2019

	Current	> 30 days	> 60 days	> 90 days
Trade receivables	\$2,263	\$1,933	\$nil	\$18,860

The overdue receivables will be settled upon completion of the final rehabilitation of the mining lease held by AQL Mining therefore there is no allowance for credit losses.

12. Investments accounted for using the equity method

Movements in Investment in joint venture

	2019 \$	2018 \$
Opening	369,686	86,243
Contributions	895,400	1,670,748
Share of loss of joint venture	(1,477,493)	(833,077)
Impairment	-	(414,019)
Foreign currency translation	212,407	(140,209)
Closing	-	369,686

Investment in joint venture

The Group has one material joint venture, Leaf Development, LLC

Name of the joint venture	Country of incorporation and principal place of business	Principal activity	Proportion of ownership interests held by the group	
			30 June 2019	30 June 2018
Leaf Development, LLC	USA	To develop up to 5 biorefinery plants	80%	80%

Summarised financial information for Leaf Development, LLC is set out below

	2019 \$	2018 \$
Current assets	17,489	118,269
Non-Current assets	350,455	338,576
Total Assets	367,944	456,845
Current Liabilities	708,891	-
Non-Current Liabilities	-	-
Total Liabilities	708,891	-
Revenue	-	-
Loss for the year	(1,855,407)	(929,827)
Other comprehensive income for the year	-	-
Total comprehensive loss for the year	(1,855,407)	(929,827)
Depreciation and amortisation	-	-
Interest Income	-	-
Interest Expenses	-	-
Total expense	-	-

A reconciliation of the above summarized financial information to carrying amount of the investment in Leaf Development, LLC is set out below

	2019 \$	2018 \$
Total net assets of Leaf Development, LLC	(340,947)	456,845
Proportion of ownership interests held by the Group	80%	80%
Add back amounts paid directly by the Parent Company	2,986	2,986
Adjustment of investment to reflect ownership commitment	269,772	-
Carrying amount of the investment in Leaf Development, LLC	-	368,462

As Leaf Resources Limited does not have direct responsibility for the liabilities of the US subsidiary, even though the net assets of Leaf Development are negative, the carrying amount of the investment has been adjusted to nil.

Under the terms of the Company Agreement for Leaf Development LLC Leaf Resources USA, a wholly owned subsidiary of Leaf Resources Limited, has a further commitment of approximately \$75,000 USD to Leaf Development LLC. However, this commitment is subject to Leaf Development LLC achieving specified milestones and no liability exists until these milestones are achieved.

13. Property, plant and equipment

Property, plant and equipment are included in the accounts, at cost, on the following basis:

	2019 \$	2018 \$
Plant and equipment		
Cost	1,292,355	827,233
Accumulated depreciation	(1,263,844)	(15,659)
Total property, plant and equipment	28,511	811,574

Movements in carrying amounts for each class of property, plant and equipment

	2019 \$	2018 \$
Plant and equipment		
Opening written down value	6,877	11,736
Additions	1,161,987	2,570
Transfer from Work in Progress	776,614	-
Disposals	(344,014)	(1,924)
Depreciation	(1,597,729)	(5,505)
Closing written down value, plant & equipment	3,735	6,877
Leasehold improvements		
Opening written down value	2,868	4,783
Additions	-	-
Disposals	-	(1,452)
Depreciation	(379)	(463)
Closing written down value, leasehold improvements	2,489	2,868
Laboratory equipment		
Opening written down value	25,215	20,485
Additions	-	7,340
Disposals	-	-
Depreciation	(2,928)	(2,610)
Closing written down value, laboratory equipment	22,287	25,215
Work in Progress		-
Additions	776,614	776,614
Disposals	-	-
Transfer to Plant and equipment	(776,614)	-
Closing value, work in progress	-	776,614
Total property, plant and equipment	28,511	811,574

All depreciation and impairment charges are included within depreciation, amortisation and impairment of non-financial assets.

14. Intangible assets

Leaf Resources has a focused intellectual property (IP) strategy in which it regularly reviews all of its research activities and is proactive in identifying new intellectual property and building strength around its ongoing core IP assets.

The Company's management have extensive IP experience and work closely with patent attorneys and lawyers in Australia and abroad to build and maintain the intellectual property portfolio.

Leaf Sciences Pty Ltd, a wholly owned subsidiary of Leaf Resources, has previously filed the following patent applications:

- PCT/AU2015/050390 - "Methods for hydrolysing lignocellulosic material" relating to the conversion of plant biomass to cellulose and then to cellulosic sugars and;
- PCT/AU2015/050389 - "Methods for treating lignocellulosic material" relating to the conversion of plant biomass into cellulose for cellulose fibre and;

Both PCT/AU2015/050390 & PCT/AU2015/050389 have entered national phase filing and prosecution in the following countries: Brazil, Canada, Mexico, PR China, Malaysia, Thailand, Japan, South Korea, India, Europe, USA, Australia and New Zealand, Indonesia, South Africa. The corresponding Australian applications were granted as patents during the year.

Provisional applications in the year were filed for separations technologies in collaboration with Amalgamated Research Inc. Leaf owns the rights through a deed of assignment.

Another wholly owned subsidiary of Leaf Resources, Leaf Reserach Pty Ltd has previously filed the following patent applications:

- PCT/AU2018/050530 – "Method for extracting silica" relating to methods for extracting silica from organic material and more particularly plant material, such as rice hulls, rice straw and sugarcane bagasse.

This patent application has entered international phase with country selection to occur in November 2019.

The Group has expensed all internal research and development expenditure incurred during the year as the costs relate to the research of products and processes. The intellectual property cannot be recognised as an asset under Accounting Standards at this time as the generation of future economic benefits are still to be quantified.

15. Trade and other payables

Trade and other payables consist of the following:

	2019 \$	2018 \$
Trade payables	1,213,322	424,446
Accruals	55,823	703,104
Other payables	20,520	50,965
Total trade and other payables	1,289,665	1,178,515

All amounts are short-term. The carrying values of trade and other payables are considered to be a reasonable approximation of fair value.

16. R&D Financing Payable

R&D Financing payable consists of the following:

	2019 \$	2018 \$
R&D Financing Loan principle payable	1,805,000	-
R&D Financing Loan interest payable	100,722	-
Total R&D financing payable	1,905,722	-

The Company entered into a loan agreement with Radium Capital (Radium) for the advance payment of funds to be received under the Australian R&D tax incentive for the FY19 year. Under this agreement Leaf received a total of \$1,805,000 over three separate draw downs. The loan has a simple interest rate of 14% and is repayable at the time the company receives its R&D tax incentive from the ATO.

17. Promissory Notes Payable

Promissory Notes payable consists of the following:

	2019 \$	2018 \$
Promissory notes principle payable	250,000	-
Promissory notes interest payable	9,107	-
Total promissory notes payables	259,107	-

On 2 April 2019 the company issued a total of 2,500 unsecured notes with a face value of \$100 each to entities associated with two directors of the company. The notes have a three year term, with a simple interest rate of 14% per annum payable at the end of the term, unless the Company exercises its right to repay the capital and accrued interest earlier or is required to do so under the Note terms. The Company (but not the holder) may elect, in its discretion, to convert the Notes into fully paid ordinary shares instead of repaying the face value and accrued interest.

18. Employee benefits

The liabilities recognised for employee benefits consist of the following amounts:

	2019 \$	2018 \$
Current		
Leave entitlements	143,804	120,693
Accrued employee salaries	105,051	-
Accrued directors' salaries	55,833	-
Total employee benefits	304,688	120,693
Non-Current		
Leave entitlements	753	34,390
Total non-current employee benefits	753	34,390
Total employee benefits	305,441	155,083

The current portion of these liabilities represents the Group's obligations to its current employees that are expected to be settled during the year ended 30 June 2020. Refer to the remuneration report for further information regarding the accrued components of employee benefits as they relate to directors and executives and refer to Note 24 for share-based payment information.

19. Provisions

All provisions are considered current. The carrying amounts and movements in the mining rehabilitation provision during the financial year are set out below:

	2019 \$	2018 \$
Carrying amount opening	50,000	50,000
Additional provision	-	-
Amount utilised	-	-
Reversal	-	-
Carrying amount closing	50,000	50,000

Leaf Resources' subsidiary AQL Mining Pty Ltd is required to restore the mining leases held in Karratha, Western Australia, to the extent required by the mining approvals. A provision for rehabilitation has been recognised for the present value of the estimated expenditure required to restore the ground site on cessation of mining. Restoration of the mining leases is progressing and the provision is still considered an accurate estimate of the remaining liability.

20. Issued capital

The current issued share capital of Leaf Resources Limited consists only of fully paid ordinary shares; the shares do not have a par value. Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the Group, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation.

	2019 Number	2019 \$	2018 Number	2018 \$
Movements in ordinary share capital				
Balance at beginning of financial year	238,993,342	51,128,441	184,357,233	46,360,004
Net share issue	66,213,332	4,621,057	51,843,331	4,524,348
Net issue under share based payments	-	-	667,778	Nil
Exercised / expired employee options	-	-	2,125,000	244,089
Total contributed equity	305,206,674	55,749,498	238,993,342	51,128,441

The Company issued shares at multiple times throughout the year to increase the working capital of the Group to further the development and commercialisation of the Glycell™ process.

The Company issued shares between August and December 2017 to sophisticated investors utilising the share placement facility under listing rule 7.1 and 7.1A.

21. Reserves

	Note	2019 \$	2018 \$
Employee equity-settled benefits reserve			
Balance at beginning of the financial year		1,024,550	935,921
Cost of share-based payment		(325,566)	130,587
Value of exercised & expired options under ESOP		-	(41,958)
Balance at the end of the financial year		698,984	1,024,550
Share based payments reserve			
Balance at beginning of the financial year		196,008	158,178
Cost of share-based payment		(11,344)	37,830
Balance at the end of the financial year		184,664	196,008
Foreign Currency Translation Reserve			
Balance at beginning of the financial year		(57,191)	(48,953)
Currency gains recognised on translation of foreign subsidiary's operations		81,866	(8,238)
Balance at the end of the financial year		24,675	(57,191)
Total reserves		908,323	1,163,367

This reserve records the value of equity benefits, i.e. share based payments, provided to employees and directors as part of their remuneration. Refer to Note 24 Share Based Payments for further details of these plans.

22. Accumulated losses

	2019 \$	2018 \$
Opening balance at the beginning of the financial year	(50,921,621)	(46,543,589)
Loss for the year	(6,763,742)	(4,385,972)
Lapsed share based payments	441,934	7,940
Closing balance at the end of the financial year	(57,243,429)	(50,921,621)

23. Notes to the statement of cash flows

a) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and in banks, net of outstanding bank overdrafts.

Cash and cash equivalents at the end of the year as shown in the statement of cash flow is reconciled to the related item in the statement of financial position as follows:

	2019 \$	2018 \$
Cash and cash equivalents	293,601	558,052

b) Reconciliation of net loss for the period to cash flows provided by operating activities

	2019 \$	2018 \$
Net loss for the period	(6,763,742)	(4,385,972)
Adjustments for:		
Depreciation	1,601,036	8,578
Share based payments	49,526	168,415
Profit on sale of equipment included in investing activities	-	3,379
Share of loss of equity accounted investment	1,477,493	833,077
Impairment of investment	-	414,019
Licence fee	-	-

Net changes in working capital:

Change in trade and other receivables	(1,886,013)	(285,469)
Change in trade and other payables	102,882	563,972
Change in employee benefits	150,357	(11,045)
Change in provisions	-	-

Net cash used in operating activities	(5,268,461)	(2,691,046)
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c) Non-cash investing and financing activities

Settlement of some directors' fees, employee bonus and supplier payments by shares and employee options issued are non-cash transactions excluded from the statement of cash flows. Refer to Note 24 below.

24. Share based payments

During the year the Group undertook share-based payment arrangements for directors, employees and suppliers. All arrangements settled in equity are set out below.

Share based payment expense

Total expenses arising from share-based payment transactions recognised during the period as part of total comprehensive income for the year were as follows:

	2019 \$	2018 \$
Shares issued to employees	-	-
Shares issued to directors	-	-
Employee share option plan – employees	45,612	9,790
Employee share option plan – directors and officers	8,118	-
Employee performance rights plan	(19,504)	120,795
Subtotal	34,226	130,585
Shares issued to suppliers	-	-
Options issued to joint venture partner	15,299	37,830
	49,525	168,415

All transactions have been included in equity reserves during the period.

Employee share option plan (ESOP)

At 30 June 2019 the Group maintained an ESOP which was approved by shareholders at the 2011 annual general meeting. The Board may offer options at no cost to directors and officers and full time and part time employees of the Group under the plan.

Options may not be issued under the option plan if the aggregate of the number of shares issued during the preceding five years under any company employee incentive scheme (including the company's existing option plan), disregarding excluded shares, and the number of shares which would be issued if each outstanding option issued under an employee incentive plan were exercised, would exceed 5% of the total number of shares on issue at the time of the proposed offer.

Options may be offered under the option plan on terms, including exercise price, exercise period and any exercise conditions determined by the Board and approved by shareholders. The Options will usually have a three-year exercise period, unless otherwise determined by the Board. Options may be issued with or without performance conditions. Options issued under the option plan are not quoted on ASX. Shares issued on the exercise of options are quoted on the ASX and carry full voting rights.

The fair value of the equity-settled share options is estimated at the date of grant using an appropriate option pricing model taking into account the terms and conditions upon which the options were granted. The fair value is recognised as an expense over the vesting period. The expense recognised in the current year of \$45,612 is in respect of unlisted 22 May 2018 options and \$8,118 is in respect of unlisted 20 Dec 2018 options.

Director Options

The Managing Director was issued 2,500,000 options during the period in accordance with the resolution approved at the Annual General Meeting on 20 November 2018.

Valuation of options granted and / or issued during the reporting period.

	Options	Options
Recipient	Managing Director	Managing Director
Valuation Date	20-12-2018	20-12-2018
Valuation Method	Hoadley	Hoadley
Value	\$19,892	\$7,559
Number	1,500,000	1,000,000
Share Price at Valuation	\$0.06	\$0.06
Exercise Price	\$0.15	\$0.25
Volatility	53%	53%
Risk Free Rate	2.34%	2.34%
Share Price Target	N/A	N/A
Exercise Multiple	N/A	N/A
Assumed Employee Exit Rate	N/A	N/A
Trinomial Steps	N/A	N/A
Term in Years	5	5
Earliest Vesting Date	1-02-2020	1-02-2020
Number of Vesting Tranches	3	3
Value per Share or Right	\$0.013	\$0.0076

The Leaf Resources Limited Performance Rights Plan (The Plan)

At the Company's annual general meeting held on 25 November 2015, shareholders gave approval for an employee incentive scheme, The Leaf Resources Limited Performance Rights Plan to be adopted.

Under the Plan, the Board may, from time to time, invite eligible staff members, including directors, to participate in the LTI Plan in accordance with its Rules and Applicable Law and subject to a limit of 5% of the issued capital of the Company. The eligible staff member may apply for performance rights, up to the number of set out in the invitation and in accordance with the terms set out in the invitation.

Performance rights can be exercised at any time from the vesting date until such time that the performance right lapses.

A performance right will lapse, if not exercised, at the earliest of:

- a) the expiry date
- b) if the performance conditions are not achieved within the specified measurement period
- c) the date a resolution to wind up the Company is passed
- d) in relation to a performance right that has not vested
 - i. The date the staff member ceases to be employed by the company (for a reason other than a qualifying reason)
 - ii. 5 days after the last measurement period applying to the performance right
 - iii. The date on which the Board may determine that the staff member has acted fraudulently or dishonestly, or has breached his or her obligations to the Company
- e) in relation to a performance right that has vested
 - i. 30 days after the date the staff member ceases to be employed by the company (if for a qualifying reason)
 - ii. 5 days after the date the staff member ceases to be employed by the company (if for a reason other than a qualifying reason)

Shares acquired through exercising performance rights:

a) may at the Board's discretion have a restriction placed on the transfer of the shares for a period of up to seven years from the Grant Date.

b) will rank equally with shares of the same class

No performance rights were granted during the year ended 30 June 2019.

During the reporting period \$36,449 was expensed in relation to performance rights issued in prior periods.

Outstanding performance rights

The outstanding balance of performance rights as at 30 June 2019 is represented below.

Grant Date	Expiry Date	Exercise Price	Performance rights 2019	Performance rights 2018
1 December 2017	1 December 2022	\$Nil	-	575,344
27 November 2017	27 November 2022	\$Nil	194,819	1,864,693
1 December 2016	1 December 2021	\$Nil	-	81,320
11 January 2016	11 January 2021	\$Nil	777,780	869,608
Total			972,599	3,390,965

Option summary and weighted average exercise prices

Share options and weighted average exercise prices "WAEP" are as follows for the reporting periods presented:

	Number of options 2019	WAEP \$ 2019	Number of options 2018	WAEP \$ 2018
Outstanding at the beginning of the year	11,382,052	0.163	22,477,742	0.173
Granted during the year	47,501,863	0.097	3,650,000	0.150
Expired during the year	(36,468,336)	0.092	(12,620,690)	0.188
Exercised during the year	-	-	(2,125,000)	0.100
Outstanding at the end of the year	22,415,579	0.139	11,382,052	0.163

There were 4,585,684 options that were issued but not vested at 30 June 2018 (1,038,035 unvested at 30 June 2018).

Outstanding options

The outstanding balance of options as at 30 June 2019 is represented below.

Grant Date	Expiry Date	Exercise Price	Share options 2019	Share options 2018
3 September 2014	3 September 2018	\$0.10	-	375,000
1 August 2016	1 August 2021	\$0.1375	1,557,052	1,557,052
23 December 2016	23 December 2021	\$0.145	3,000,000	3,000,000
23 December 2016	23 December 2022	\$0.22	2,000,000	2,000,000
16 June 2017	3 July 2022	\$0.22	800,000	800,000
22 May 2018	19 March 2023	\$0.15	333,333	1,000,000
22 May 2018	22 May 2023	\$0.15	2,350,000	2,650,000
4 October 2018	20 September 2019	\$0.09	4,937,597	-
4 October 2018	20 September 2020	\$0.11	4,937,597	-
20 December 2018	1 February 2024	\$0.15	1,500,000	-
20 December 2018	1 February 2024	\$0.25	1,000,000	-
Total			22,415,579	11,382,052

The weighted average remaining life of the options outstanding at year end.

	2.19 years	3.97 years
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25. Events subsequent to reporting date

Since 30 June 2019 the following matters have arisen which may significantly affect the operations of the Group:

- a rights issue to existing shareholders to raise approximately \$500,000 before costs;
- agreement has been reached with Bioprocess Pilot Facility in Delft as to the final amounts due for the completion of the Integrated Design Study completed earlier in the calendar year. These amounts have been reflected in the accounts.
- a company has been engaged to produce sugar samples from the outputs of the Integrated Design Study in the Netherlands. This process will commence once funding has been received for this purpose from the Malaysian Project.

26. Related party transactions

Parent Entity

The Parent entity within the group is Leaf Resources Limited. The company is listed on the Australian Securities Exchange with no shareholders exerting significant influence, other than those that are also key management personnel.

Subsidiaries

Interests in subsidiaries are set out in subsidiaries Note 30.

Key Management Personnel

Disclosures relating to key management personnel are set out in Note 8 and also further details are included in the Remuneration Report contained in the Directors' Report.

Transactions with other related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

On 2 April 2019 the company issued a total of 2,500 unsecured notes with a face value of \$100 each to entities associated with two directors of the company. The notes have a three year term, with a simple interest rate of 14% per annum payable at the end of the term, unless the Company exercises its right to repay the capital and accrued interest earlier or is required to do so under the Note terms. The Company (but not the holder) may elect, in its discretion, to convert the Notes into fully paid ordinary shares instead of repaying the face value and accrued interest.

27. Contingent assets & liabilities

The Group is eligible to claim the R&D tax incentive from the Australian Taxation Office for its research and development eligible expenditure. The Group's accrued income includes the estimated tax refund of \$2,872,071 to be received from this incentive for the Group's domestic and overseas spend for the year ended 30 June 2019. On 5 February 2015, Leaf Resources Limited was granted, in respect of its Biofuels Development Program, a Certificate for Advance Finding under s28A of the Industry Research and Development Act 1986 and a Certificate for Overseas Finding under s28C of the Industry Research and Development Act 1986. During the year the Group undertook trials of its Glycell™ process in Europe and incurred overseas research costs.

28. Financial instruments

Capital management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

The group's capital comprises ordinary share capital supported by financial assets. There are no externally imposed capital requirements.

Management effectively manages the group's capital by assessing the group's financial assets and adjusting its capital structure in response to changes in these risks and in the market. These responses, where applicable, include raising more equity from shareholders.

Derivative financial instruments

The Group does not currently employ any derivative financial instruments.

Financial risk management policies

The group's financial instruments consist mainly of deposits with banks, local money market instruments, accounts receivable and accounts payable. The main purpose of non-derivative financial instruments is to finance group operations.

i Treasury risk management

The Board of directors meet on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

ii Financial risk exposures and management

The main risks the group is exposed to through its financial instruments are liquidity risk and credit risk.

Liquidity risk

The Group manages liquidity risk by monitoring forecast cash flows. Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its creditors or otherwise meeting its obligations related to financial liabilities.

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at reporting date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

There are no material amounts of collateral held as security at reporting date. Credit risk is managed and reviewed regularly by the Board of Directors. It arises from exposures to customers and deposits with financial institutions. The Board of Directors monitors credit risk by actively assessing the rating quality and liquidity of counter parties. All potential customers are assessed for credit worthiness taking into account their size, market position and financial standing

Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a change in interest rate will affect future cash flows. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's cash investments. Surplus funds are invested in interest bearing deposits and are managed by the directors and monitored on a regular basis.

	Weighted average effective interest rate		Floating interest rate	
	2019 %	2018 %	2019 \$	2018 \$
Financial assets:				
Cash and cash equivalents	0.00	0.52	293,601	558,052
Receivables	-	-	2,902,215	1,015,697
Total financial assets			3,902,215	1,573,749
Financial liabilities:				
Trade payables and accruals	-	-	1,289,665	1,178,515
Total financial liabilities			1,289,665	1,178,515

Interest rate sensitivity

At 30 June 2019, the Group is exposed to changes in market interest rates through bank deposits at variable interest rates. The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of +/- 1% (2018: +/- 1%). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the market interest rate at reporting date, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	Profit for the year			Equity
	\$	\$	\$	\$
	+1%	-1%	+1%	-1%
30 June 2019	69	7	69	7
30 June 2018	4,924	2,387	4,924	2,387

The analysis above excludes the loan liabilities as both the promissory notes and the R&D financing loan are fixed rate.

Foreign currency risk

Most of the Group's transactions are carried out in AUD. Exposures to currency exchange rates arise from the Group's overseas research and development activities, which are denominated in US dollars (USD) OR Euros.

The Group does not enter into forward exchange contracts to mitigate the exposure to foreign currency risk. The Group's risk management procedures for short-term foreign currency cash flows to fund the payment of suppliers in the United States and Europe consists of holding a proportion of the estimated foreign currency cash flow in a USD bank account and a Euro bank account. The USD and Euro values of the accounts are translated into AUD at the prevailing spot exchange rate and at 30 June 2019 had a combined value of AUD\$1,967.

Financial instruments maturity analysis

As the Group has no significant interest-bearing assets other than cash at bank, the Group's income and operating cash flows are not materially exposed to changes in market interest rates. Cash flows from financial assets are expected to be realised as disclosed below, financial liabilities due for payment are also expected to be settled within 1 year. Financial assets and financial liabilities are neither past due nor impaired with the exception of amounts disclosed in Note 11.

		Within 1 year	
	Note	2019 \$	2018 \$
Financial assets:			
Cash and cash equivalents	10, 23a	293,601	558,052
Receivables		2,902,215	1,015,697
Total financial assets		3,195,816	1,573,749
Financial liabilities:			
Trade payables and accruals	16	1,289,665	1,178,515
R&D financing loan payable		1,905,722	-
Promissory notes payable		259,107	-
Total financial liabilities		3,454,494	1,178,515

Trade payables and provisions are expected to be paid as followed:

	2019 \$	2018 \$
Less than 6 months	2,338,132	1,178,515
6 months to 1 year	1,116,362	-
	3,454,494	1,178,515

iii. Net fair values

The net fair values of:

- Term receivables, government and fixed interest securities and bonds are determined by discounting the cash flows, at the market interest rates of similar securities, to their present value.
- Other assets and other liabilities approximate their carrying value.

Aggregate net fair values and carrying amounts of financial assets and financial liabilities are materially in line with carrying values as disclosed in the statement of financial position.

29. Leasing commitments and contingent liabilities

The commitments for minimum lease payments in relation to operating leases contracted but not capitalised in the financial statements are as follows:

	2019 \$	2018 \$
Operating lease commitments		
Within one year	-	25,835
Later than one year but not later than five years	-	-
Later than five years	-	-

30. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following principal subsidiaries in accordance with the accounting policy on consolidation. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the parent of the Group, and the proportion of ownership interests held equal the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Name Unlisted:	Principal activities	Country of incorporation	Class of shares	Ownership interest	
				2019 %	2018 %
AQL Mining Pty Ltd	Mining of gravel and general fill	Australia	Ord	100	100
Farmacule BioIndustries Pty Ltd	Research & development	Australia	Ord	100	100
Leaf Sciences Pty Ltd	Intellectual property owner	Australia	Ord	100	100
Leaf Research Pty Ltd	Research & development	Australia	Ord	100	100
Leaf Performance Plan Pty Ltd	Trustee of employee share trust	Australia	Ord	100	100
Leaf Resources USA, LLC	Investor in Leaf Development, LLC	USA	Ord	100	100
Subsidiaries of Leaf Resources USA, LLC					
Leaf Development LLC	Investment Company	USA	Ord	80	80
Subsidiaries of Leaf Development LLC					
Leaf Malaysia OpCo Sdn. Bhd.	Investment Company	Malaysia	Ord	80	80

31. Parent entity financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	Note	2019 \$	2018 \$
Financial Position			
Assets			
Current assets		3,170,108	1,535,360
Non-current assets		30,411	1,192,715
Total assets		3,200,519	2,728,075
Liabilities			
Current liabilities		4,249,678	1,796,801
Non-current liabilities		753	34,390
Total liabilities		4,250,431	1,831,191
Equity			
Issued capital		55,749,498	51,128,441
Reserves		883,648	1,220,558
Retained losses		(57,683,059)	(51,452,115)
Total equity		(1,049,913)	896,884
Financial Performance			
Loss before income tax		(6,672,856)	(6,224,920)
Income tax expense		-	-
Total comprehensive loss for the year		(6,672,856)	(6,224,920)
32(i) Non-current assets			
Loans to subsidiaries		1,770	15,536
Investment in subsidiaries		130	365,605
Property, plant and equipment		28,511	811,574
		30,411	1,192,715

Impairment testing

At each reporting date the parent assesses whether there is any indication that an investment in a subsidiary may be impaired. If any such indication exists, the Group estimates the recoverable amount of the investment. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

An impairment loss of \$77,046 was recognised by the parent entity in operating loss for the year ended 30 June 2019 to adjust for recoverability of loans to and investments in subsidiaries. This impairment loss reduced the carrying value of the line item investment in subsidiaries and loans to subsidiaries for the parent entity financial information but eliminates on consolidation.

Loan to Farmacule Bioindustries Pty Ltd – impairment \$776

Loan to Leaf Sciences Pty Ltd – impairment \$76,269

The recoverable amount of the investment in Farmacule was determined to be NIL on a conservative value-in-use calculation as the Group's technologies proceed towards development and commercialisation at 30 June 2019.