1. Company details

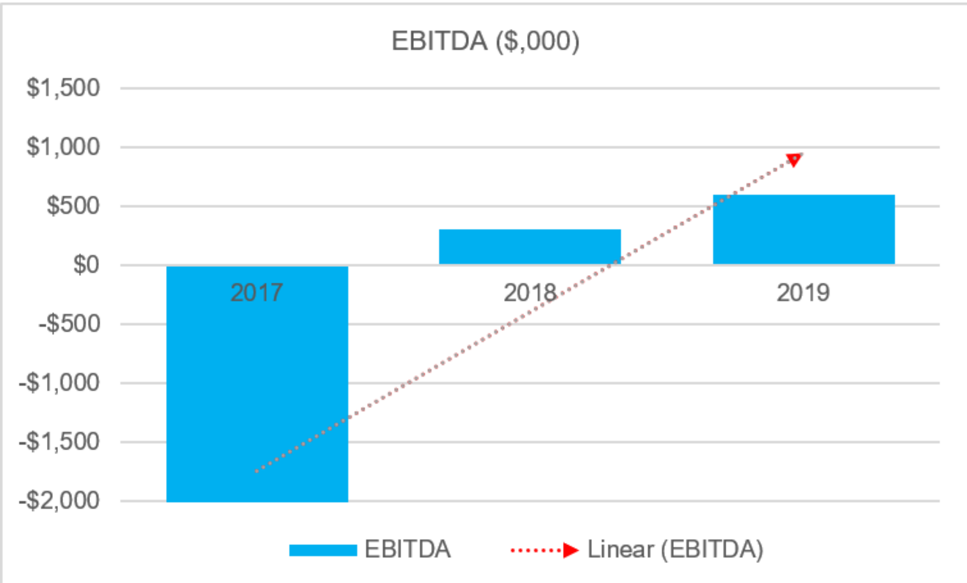
Name of entity:	Tambla Limited
ABN:	79 000 648 082
Reporting period:	For the year ended 31 December 2019
Previous period:	For the year ended 31 December 2018

2. Results for announcement to the market

				$
Revenues from ordinary activities	down	9.0%	to	8,853,973
Loss from ordinary activities after tax attributable to the owners of Tambla Limited	up	87.8%	to	(655,196)
Loss for the year attributable to the owners of Tambla Limited	up	87.8%	to	(655,196)
Earnings Before Interest, Tax, Depreciation and Amortisation ('EBITDA')	up	95.5%	to	590,504

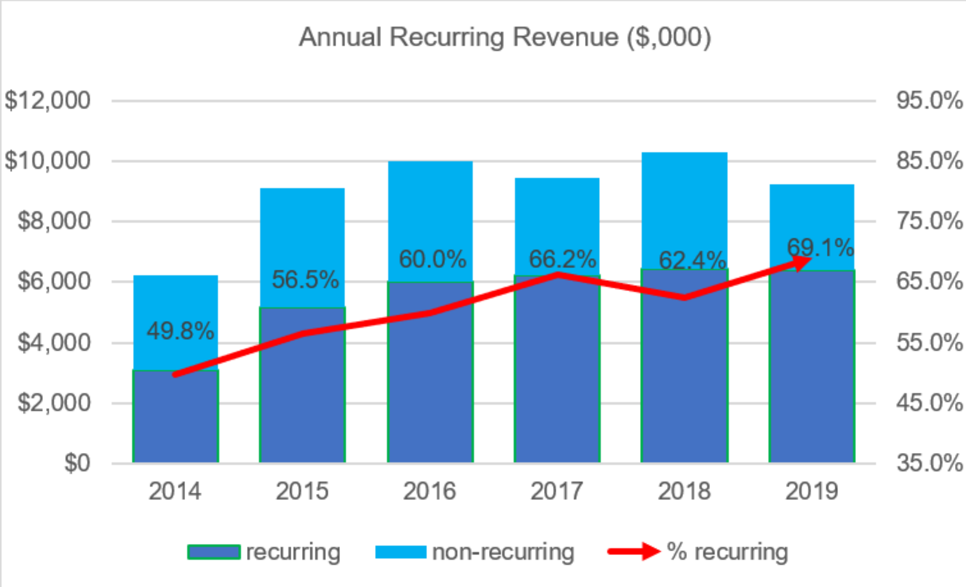
Comments
EBITDA represents the profit determined under Australian Accounting Standards ('AAS') but adjusted for non-specific non-cash and significant items. The directors consider adjusted EBITDA to reflect the core earnings of the consolidated entity.

The consolidated entity is pleased to report an improved EBITDA for the full year 2019 with four (4) consecutive quarters of positive operating cashflows, which is the first time in over a decade that the entity has recorded four (4) consecutive quarters of positive operating cashflows in a financial reporting period. The reported EBITDA profit of $590,504 is a significant improvement in the overall performance of the business when compared to the previous year's reported EBITDA profit of $302,010.



Since 2017, the consolidated entity's position has continued to benefit from its bottom-line and recurring revenue focus, which has delivered significant efficiency gains and EBITDA over the past 2 ½ years. The ongoing focus on cost control and the decision taken to commence the capitalisation of various product development costs during the reporting period has seen a significant reduction in most reported expense categories. In late 2017, the company commenced planning a significant upgrade of its product ranges, encompassing eTivity, Microster, Salvus and Rostima, with $2 million in new product development costs capitalised during the reporting period. New and improved functionality has been added to the suite of existing products and new products have joined including Tambla Insights (Workforce Intelligence) and Tambla PayCE (Workforce Planning). New business interest in Tambla's PayCE product is particularly strong in North America.

Recurring revenue continues to be a focus with ARR now representing 69% of total revenue and annual average growth of ARR over the last 5 years being circa 15%.



Customer satisfaction results continue to improve and are at their highest point in over 3 years of recent surveying, which can be attributed to the improving performance, reliability and functionality of the core software and service offerings. With the strengthening of the business development pipeline, improved key financial indicators such as EBITDA and delivery of well received product upgrades during the financial year, the board and senior executive team believe that the Company's platform for accelerated and profitable growth will continue into 2020.

The loss for the consolidated entity after providing for income tax amounted to $655,196 (31 December 2018: $348,936).

Highlights of the consolidated entity's financial statements covering the year ended 31 December 2019 are as follows:

	Consolidated	
	2019 unaudited $	2018 $
Sales revenue	8,853,973	9,729,667
Loss after tax for the year	(655,196)	(348,936)
Add: depreciation and amortisation	1,270,240	843,451
Less: interest income	(7,294)	(3,395)
Add: finance costs	247,362	39,162
Less: tax benefit	(264,608)	(228,272)
Adjusted EBITDA	590,504	302,010

Dividends
There were no dividends paid, recommended or declared during the current financial period.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	(18.91)	(10.24)

The net tangible assets is calculated based on the number of ordinary shares that would have been in existence had the capital reorganisation occurred as at 1 January 2018.

The net tangible assets excludes right-of-use assets and lease liabilities.

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4. Control gained over entities

Not applicable.

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5. Loss of control over entities

Not applicable.

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6. Dividends

Current period
There were no dividends paid, recommended or declared during the current financial period.

Previous period
There were no dividends paid, recommended or declared during the previous financial period.

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7. Dividend reinvestment plans

Not applicable.

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8. Details of associates and joint venture entities

Not applicable.

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9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

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10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements are in the process of being audited and an unqualified opinion is expected to be issued.

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11. Attachments

Details of attachments (if any):

The Preliminary Report of Tambla Limited for the year ended 31 December 2019 is attached.

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12. Signed

Signed ______________________________ Date: 26 February 2020

Niall Cairns
Non-Executive Chairman
Sydney

Tambla Limited
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2019

	Note	Consolidated 2019 unaudited $	Consolidated 2018 $
Revenue	2	8,853,973	9,726,272
Other income	3	405,397	593,479
Interest income		7,294	3,395
Expenses			
Materials - clocks		(72,419)	(98,032)
Employee benefits expense	4	(6,577,068)	(7,484,424)
Consultancy and legal fees		(258,893)	(433,170)
Directors' fees		(281,615)	(280,000)
Depreciation and amortisation expense	4	(1,270,240)	(843,451)
Accounting and professional fees		(444,012)	(372,392)
Occupancy expenses		(37,526)	(297,708)
IT hosting expenses		(385,407)	(549,117)
Travel expenses		(267,531)	(241,109)
Other expenses		(344,395)	(261,789)
Finance costs		(247,362)	(39,162)
Loss before income tax benefit		(919,804)	(577,208)
Income tax benefit	5	264,608	228,272
Loss after income tax benefit for the year attributable to the owners of Tambla Limited		(655,196)	(348,936)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(6,092)	(12,471)
Other comprehensive income for the year, net of tax		(6,092)	(12,471)
Total comprehensive income for the year attributable to the owners of Tambla Limited		(661,288)	(361,407)
		Cents	**Cents**
Basic earnings per share	22	(3.31)	(1.76)
Diluted earnings per share	22	(3.31)	(1.76)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Tambla Limited
Statement of financial position
As at 31 December 2019

	Note	Consolidated 2019 unaudited $	Consolidated 2018 $
Assets			
Current assets			
Cash and cash equivalents		547,222	786,398
Trade and other receivables	6	830,262	1,093,853
Contract assets		110,069	308,100
Inventories	7	73,011	64,425
Research and development rebate receivable		464,602	149,858
Other assets		154,002	94,588
Total current assets		2,179,168	2,497,222
Non-current assets			
Property, plant and equipment	8	364,193	92,404
Right-of-use assets	9	115,272	-
Intangible assets	10	3,285,084	2,104,597
Other assets		124,725	125,237
Total non-current assets		3,889,274	2,322,238
Total assets		6,068,442	4,819,460
Liabilities			
Current liabilities			
Trade and other payables	11	1,020,429	1,292,406
Contract liabilities		2,171,594	1,925,905
Borrowings	12	249,877	-
Lease liabilities		193,822	-
Derivative financial instruments	13	136,630	-
Provisions	14	668,964	782,439
Other current liabilities	15	574,448	-
Total current liabilities		5,015,764	4,000,750
Non-current liabilities			
Borrowings	16	1,114,115	-
Deferred tax	17	360,899	629,934
Provisions		118,362	108,942
Total non-current liabilities		1,593,376	738,876
Total liabilities		6,609,140	4,739,626
Net assets/(liabilities)		(540,698)	79,834
Equity			
Share capital	18	38,302,877	38,286,177
Reserves	19	462,275	444,311
Accumulated losses		(39,305,850)	(38,650,654)
Total equity/(deficiency)		(540,698)	79,834

The above statement of financial position should be read in conjunction with the accompanying notes

Consolidated	Share capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 January 2018	38,290,678	437,753	(38,301,718)	426,713
Loss after income tax benefit for the year	-	-	(348,936)	(348,936)
Other comprehensive income for the year, net of tax	-	(12,471)	-	(12,471)
Total comprehensive income for the year	-	(12,471)	(348,936)	(361,407)
Transactions with owners in their capacity as owners:				
Share-based payments	-	19,029	-	19,029
Buy-back of shares	(4,501)	-	-	(4,501)
Balance at 31 December 2018	38,286,177	444,311	(38,650,654)	79,834

Consolidated	Share capital $	Reserves $	Accumulated losses $	Total deficiency in equity $
Balance at 1 January 2019	38,286,177	444,311	(38,650,654)	79,834
Loss after income tax benefit for the year	-	-	(655,196)	(655,196)
Other comprehensive income for the year, net of tax	-	(6,092)	-	(6,092)
Total comprehensive income for the year	-	(6,092)	(655,196)	(661,288)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 18)	16,700	-	-	16,700
Share-based payments	-	24,056	-	24,056
Balance at 31 December 2019	38,302,877	462,275	(39,305,850)	(540,698)

The above statement of changes in equity should be read in conjunction with the accompanying notes

	Note	Consolidated 2019 unaudited $	2018 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		10,389,521	10,289,658
Payments to suppliers (inclusive of GST)		(9,643,714)	(10,656,967)
Interest received		7,294	3,391
Interest and other finance costs paid		(48,739)	(16,066)
Research and development grants		615,650	556,921
Income taxes paid		(4,270)	(8,047)
Net cash from operating activities	21	1,315,742	168,890
Cash flows from investing activities			
Payments for property, plant and equipment	8	(408,956)	(49,461)
Payments for intangible assets	10	(2,083,755)	-
Net cash used in investing activities		(2,492,711)	(49,461)
Cash flows from financing activities			
Buy back of shares		-	(4,501)
Share issue transaction costs		-	(7,602)
Proceeds from borrowings		1,684,232	383,206
Repayment of borrowings		(1,439,529)	(375,917)
Proceeds from the issue of convertible notes		1,250,000	-
Payment of interest on convertible notes		(74,248)	-
Transaction costs related to loans and borrowings		(111,527)	-
Repayment of lease liabilities		(369,079)	-
Net cash from/(used in) financing activities		939,849	(4,814)
Net increase/(decrease) in cash and cash equivalents		(237,120)	114,615
Cash and cash equivalents at the beginning of the financial year		786,398	666,733
Effects of exchange rate changes on cash and cash equivalents		(2,056)	5,050
Cash and cash equivalents at the end of the financial year		547,222	786,398

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

Interpretation 23 Uncertainty over Income Tax
The consolidated entity has adopted Interpretation 23 from 1 January 2019. The interpretation clarifies how to apply the recognition and measurement requirements of AASB 112 'Income Taxes' in circumstances where uncertain tax treatments exists. The interpretation requires: the consolidated entity to determine whether each uncertain tax treatment should be treated separately or together, based on which approach better predicts the resolution of the uncertainty; the consolidated entity to consider whether it is probable that a taxation authority will accept an uncertain tax treatment; and if the consolidated entity concludes that it is not probable that the taxation authority will accept an uncertain tax treatment, it shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates, measuring the tax uncertainty based on either the most likely amount or the expected value. In making the assessment it is assumed that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations. Interpretation 23 was adopted using the modified retrospective approach and as such comparatives have not been restated. There was no impact of adoption on opening accumulated losses as at 1 January 2019.

AASB 16 Leases
The consolidated entity has adopted AASB 16 from 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 are higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Practical expedients applied
In adopting AASB 16, the consolidated entity has used the following practical expedients permitted by the standard:
- applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
- accounted for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases;
- excluded initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Impact of adoption
AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. There was no impact of adoption on opening retained profits as at 1 January 2019. The following assets and liabilities were recognised and derecognised on 1 January 2019:

Note 1. New or amended Accounting Standards and Interpretations adopted (continued)

	1 January 2019 $
Right-of-use assets (AASB 16)	345,815
Lease liabilities - current (AASB 16)	(374,834)
Lease liabilities - non-current (AASB 16)	(188,067)
Derecognise the deferred lease incentive liability at 1 January 2019 (AASB 117)	217,086
Net impact on retained earnings at 1 January 2019:	-

	1 January 2019 $
Reconciliation from operating lease commitments disclosure at 31 December 2018 to the opening lease liability at 1 January 2019:	
Operating lease commitments as at 31 December 2018 (AASB 117)	606,487
Operating lease commitments discounted based on the weighted average incremental borrowing rate of 3% (AASB 16)	(19,771)
Low-value assets leases and short-term leases not included in the lease liability (AASB 16)	(23,815)
Lease liability recognised at 1 January 2019	562,901

Note 2. Revenue

	Consolidated 2019 unaudited $	2018 $
Sale of software	204,124	745,752
Rendering of services	8,512,037	8,832,005
Sale of goods	137,812	148,515
Revenue	8,853,973	9,726,272

Note 3. Other income

	Consolidated 2019 unaudited $	2018 $
Research and development rebate	355,947	462,218
Derivative fair value movement	10,716	-
Miscellaneous income	38,734	131,261
Other income	405,397	593,479

Note 4. Expenses

	Consolidated 2019 unaudited $	Consolidated 2018 $
Loss before income tax includes the following specific expenses:		
Depreciation		
Leasehold improvements	43,097	33,300
Plant and equipment	90,943	18,800
Fixtures and fittings	2,388	1,932
Right-of-use assets	230,544	-
Total depreciation	366,972	54,032
Amortisation		
Software	644,861	644,861
Customer relationships	144,558	144,558
Capitalised software development	113,849	-
Total amortisation	903,268	789,419
Total depreciation and amortisation	1,270,240	843,451
Employee benefits		
Employee benefits expense excluding superannuation	6,029,141	6,842,184
Defined contribution superannuation expense	547,927	642,240
Total employee benefits	6,577,068	7,484,424
Finance costs		
Interest and finance charges paid/payable on borrowings	230,475	39,162
Interest and finance charges paid/payable on lease liabilities	16,887	-
Finance costs expensed	247,362	39,162
Leases		
Minimum lease payments	-	274,244
Research costs		
Research costs	1,484,453	1,793,413

Note 5. Income tax benefit

	Consolidated 2019 unaudited $	2018 $
Income tax benefit		
Current tax	4,427	7,953
Deferred tax - origination and reversal of temporary differences	(269,035)	(216,539)
Adjustment recognised for prior periods	-	(19,686)
Aggregate income tax benefit	(264,608)	(228,272)
Deferred tax included in income tax benefit comprises:		
Decrease in deferred tax liabilities (note 17)	(269,035)	(216,539)
Numerical reconciliation of income tax benefit and tax at the statutory rate		
Loss before income tax benefit	(919,804)	(577,208)
Tax at the statutory tax rate of 27.5%	(252,946)	(158,732)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	66,601	21,182
Non-deductible research and development	408,225	366,079
Sundry items	15,331	135,062
	237,211	363,591
Adjustment recognised for prior periods	-	(19,686)
Current year temporary differences and tax losses not recognised	(501,819)	(572,177)
Income tax benefit	(264,608)	(228,272)

	Consolidated 2019 unaudited $	2018 $
Tax losses not recognised		
Estimated unused tax losses for which no deferred tax asset has been recognised	13,716,625	13,755,136
Potential tax benefit @ 27.5%	3,772,072	3,782,662

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

	Consolidated 2019 unaudited $	2018 $
Deferred tax assets not recognised		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Allowance for expected credit losses	4,702	4,702
Accrued expenses and provisions	328,189	273,078
Total deferred tax assets not recognised	332,891	277,780

Note 5. Income tax benefit (continued)

The above potential tax benefit, which excludes tax losses, for deductible temporary differences has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

Note 6. Current assets - trade and other receivables

	Consolidated 2019 unaudited $	Consolidated 2018 $
Trade receivables	812,455	1,053,017
Less: Allowance for expected credit losses	(17,100)	(17,100)
	795,355	1,035,917
Other receivables	34,907	57,936
	830,262	1,093,853

Note 7. Current assets - inventories

	Consolidated 2019 unaudited $	Consolidated 2018 $
Stock on hand - at cost	73,011	64,425

Note 8. Non-current assets - property, plant and equipment

	Consolidated 2019 unaudited $	Consolidated 2018 $
Leasehold improvements - at cost	214,457	181,033
Less: Accumulated depreciation	(180,649)	(137,552)
	33,808	43,481
Plant and equipment - at cost	605,326	240,742
Less: Accumulated depreciation	(277,657)	(196,923)
	327,669	43,819
Fixtures and fittings - at cost	9,610	21,299
Less: Accumulated depreciation	(6,894)	(16,195)
	2,716	5,104
	364,193	92,404

Note 8. Non-current assets - property, plant and equipment (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Leasehold improvements $	Plant and equipment $	Fixtures and fittings $	Total $
Balance at 1 January 2018	74,252	19,012	7,036	100,300
Additions	2,529	43,576	-	46,105
Exchange differences	-	31	-	31
Depreciation expense	(33,300)	(18,800)	(1,932)	(54,032)
Balance at 31 December 2018	43,481	43,819	5,104	92,404
Additions	33,424	375,532	-	408,956
Disposals	-	(765)	-	(765)
Exchange differences	-	26	-	26
Depreciation expense	(43,097)	(90,943)	(2,388)	(136,428)
Balance at 31 December 2019	33,808	327,669	2,716	364,193

Note 9. Non-current assets - right-of-use assets

	Consolidated 2019 unaudited $	Consolidated 2018 $
Land and buildings - right-of-use	115,272	-

Additions to the right-of-use assets during the year were $345,815.

Note 10. Non-current assets - intangible assets

	Consolidated 2019 unaudited $	Consolidated 2018 $
Goodwill - at cost	16,584,001	16,584,001
Less: Impairment	(16,584,001)	(16,584,001)
	-	-
Capitalised software development - at cost	2,083,755	-
Less: Accumulated amortisation	(113,849)	-
	1,969,906	-
Software - at cost	5,981,061	5,981,061
Less: Accumulated amortisation	(4,676,815)	(4,031,954)
Less: Impairment	(229,998)	(229,998)
	1,074,248	1,719,109
Customer relationships - at cost	1,071,315	1,071,315
Less: Accumulated amortisation	(783,745)	(639,187)
Less: Impairment	(46,640)	(46,640)
	240,930	385,488
	3,285,084	2,104,597

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Capitalised software development $	Software $	Customer relationships $	Total $
Balance at 1 January 2018	-	2,363,970	530,046	2,894,016
Amortisation expense	-	(644,861)	(144,558)	(789,419)
Balance at 31 December 2018	-	1,719,109	385,488	2,104,597
Additions	2,083,755	-	-	2,083,755
Amortisation expense	(113,849)	(644,861)	(144,558)	(903,268)
Balance at 31 December 2019	1,969,906	1,074,248	240,930	3,285,084

Note 11. Current liabilities - trade and other payables

	Consolidated 2019 unaudited $	Consolidated 2018 $
Trade payables	389,880	354,006
Accruals	322,431	485,388
Other payables	308,118	453,012
	1,020,429	1,292,406

Note 12. Current liabilities - borrowings

	Consolidated 2019 unaudited $	Consolidated 2018 $
Loans	249,877	-

During the reporting period, the consolidated entity entered into a $640,000 loan facility with MAM Group to fund its research & development grant for the period 1 July 2019 to 30 June 2020, with drawdowns of the facility every 4 months throughout the R&D tax financial period. As at 31 December 2019, the consolidated entity had drawn down $249,877 of the total facility. Interest is charged at 15% per annum and the borrowings are secured over the R&D rebate.

Note 13. Current liabilities - derivative financial instruments

	Consolidated 2019 unaudited $	Consolidated 2018 $
Derivative - convertible loan notes	136,630	-

Note 14. Current liabilities - provisions

	Consolidated 2019 unaudited $	Consolidated 2018 $
Annual leave	371,473	337,931
Long service leave	297,491	227,422
Deferred lease incentives	-	217,086
	668,964	782,439

Note 15. Current liabilities - other current liabilities

	Consolidated 2019 unaudited $	Consolidated 2018 $
Research and development rebate received in advance	574,448	-

Note 16. Non-current liabilities - borrowings

	Consolidated 2019 unaudited $	2018 $
Convertible notes payable	1,114,115	-

On 8 March 2019 the Company issued 1,250,000 convertible notes at $1 per note. The notes have a maturity date of 30 June 2021 with an interest rate of 10% per annum, compounding daily. The notes are unsecured. At any time up to the maturity date, the notes can be converted into ordinary shares in Tambla Limited shares at an issue price $1.00 per share or the lower of the issue price and 90% of the price of shares issued under a capital raising or the lower of issue price and 80% of the price of shares issued from a change in control event any time before maturity date.

The convertible notes are measured at amortised cost. An embedded derivative liability, representing the option to convert, is measured at fair value.

Note 17. Non-current liabilities - deferred tax

	Consolidated 2019 unaudited $	2018 $
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Customer relationships	66,256	115,646
Intellectual property	294,643	514,288
Deferred tax liability	360,899	629,934
Movements:		
Opening balance	629,934	866,159
Credited to profit or loss (note 5)	(269,035)	(216,539)
Other	-	(19,686)
Closing balance	360,899	629,934

Note 18. Equity - share capital

	Consolidated 2019 unaudited Shares	2018 Shares	2019 unaudited $	2018 $
Ordinary shares - fully paid	19,820,639	989,129,167	38,302,877	38,286,177

Note 18. Equity - share capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 January 2018	989,691,821		38,290,678
Buy back of shares	23 February 2018	(562,654)	$0.008	(4,501)
Balance	31 December 2018	989,129,167		38,286,177
Share consolidation (ratio 50:1)	22 May 2019	(969,346,528)	$0.000	-
Issue of shares	25 September 2019	38,000	$0.450	17,100
Share issue transaction costs		-	$0.000	(400)
Balance	31 December 2019	19,820,639		38,302,877

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number and paid-up amounts on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back
There is no current on-market share buy-back.

Capital risk management
The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure (debt to equity ratio) to reduce the cost of capital. The consolidated entity's debt and equity includes ordinary share capital and financial liabilities, supported by financial assets. There are no externally imposed capital requirements.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The capital risk management policy remains unchanged from the 31 December 2018 Annual Report.

Note 19. Equity - reserves

	Consolidated	
	2019 unaudited $	2018 $
Foreign currency reserve	70,848	76,940
Share-based payments reserve	391,427	367,371
	462,275	444,311

Note 19. Equity - reserves (continued)

Foreign currency reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Note 20. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 21. Reconciliation of loss after income tax to net cash from operating activities

	Consolidated	
	2019 unaudited $	2018 $
Loss after income tax benefit for the year	(655,196)	(348,936)
Adjustments for:		
Depreciation and amortisation	1,270,240	843,451
Share-based payments	41,156	-
Foreign exchange differences	(4,436)	1,509
Fair value movement on derivative liability	(10,716)	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables and prepayments	195,591	(98,872)
Decrease/(increase) in R&D rebate receivable	(314,744)	28,264
(Increase)/decrease in other non-current assets	(344,565)	50,392
Decrease/(increase) in contract assets	198,031	(274,700)
(Decrease)/increase in trade and other payables	(81,028)	273,283
Decrease in deferred tax liabilities	(269,035)	(236,225)
Decrease in provisions	(104,055)	(158,263)
Increase in other non-current liabilities	11,462	-
Increase in other operating liabilities	1,383,037	88,987
Net cash from operating activities	1,315,742	168,890

Note 22. Earnings per share

	Consolidated	
	2019 unaudited $	2018 $
Loss after income tax attributable to the owners of Tambla Limited	(655,196)	(348,936)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	19,792,738	19,784,144
Weighted average number of ordinary shares used in calculating diluted earnings per share	19,792,738	19,784,144

Note 22. Earnings per share (continued)

	Cents	Cents
Basic earnings per share	(3.31)	(1.76)
Diluted earnings per share	(3.31)	(1.76)

The weighted average number of ordinary shares is calculated based on the number of ordinary shares that would have been in existence had the capital reorganisation occurred as at 1 January 2018.

100,000 (2018: 471,308) options on issue and 680,000 (2018: 680,000) performance rights on issue have been excluded from the weighted average number of ordinary shares used in calculating diluted earnings per share as they are considered anti-dilutive.

Note 23. Events after the reporting period

No matter or circumstance has arisen since 31 December 2019 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.