Tambla Limited

ABN 79 000 648 082

Annual Report - 31 December 2019

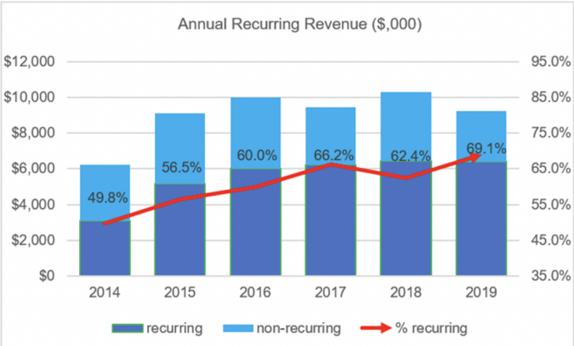
Contents

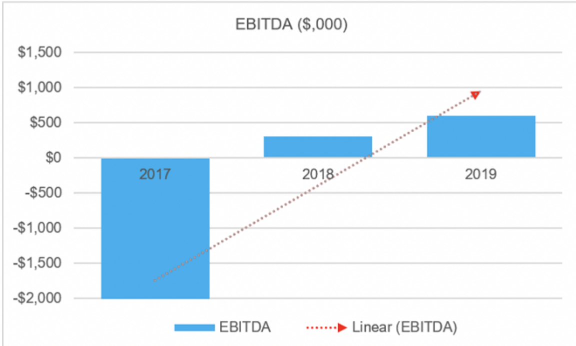
Directors	Mr Niall Cairns - Non-Executive Chairman Mr Chris Fydler - Managing Director Dr Phillip Carter - Non-Executive Director Mr Neil Docherty - Non-Executive Director
Company secretary	Mr Christopher Brooke
Notice of annual general meeting	The details of the annual general meeting of Tambla Limited are: 10:00AM on Monday, 11 May 2020 To be held at: Level 5 126 Phillip Street Sydney NSW 2000
Registered office	Level 16 132 Arthur Street North Sydney NSW 2060 Tel: +61 2 9122 6200
Principal place of business	Level 16 132 Arthur Street North Sydney NSW 2060
Share register	Automic Pty Ltd Level 3 50 Holt Street Surry Hills NSW 2010 Tel: 1300 288 664 or +61 2 9698 5414 Fax: +61 2 8583 3040
Auditor	Grant Thornton Audit Pty Ltd Level 17 383 Kent Street Sydney NSW 2000
Bankers	ANZ Bank New Zealand Limited Level 16 242 Pitt Street Sydney NSW 2000 HSBC Bank Plc 196 Oxford Street London, WIDIN United Kingdom
Stock exchange listing	Tambla Limited shares are listed on the Australian Securities Exchange (ASX code: TBL)
Website	www.tambla.com.au
Corporate Governance Statement	The Corporate Governance Statement dated 26 March 2020 which was approved at the same time as the Annual Report can be found at https://tambla.com.au/investor-centre/

Dear fellow shareholders,

The 2019 Annual Report of Tambla Limited is delivered to you in a world and operating environment that is very different from the 2019 year, due to the COVID-19 pandemic. It was the first full year as Tambla, and though challenging, we continued the transformation of your company, intending to deliver a growing and more robust company. Reported performance of the business met some, but not all, of the revenue growth or profitability expectations of directors and management. The business did however finish the year both structurally stronger and continuing to maintain an increased Operating Cash Flow, Operating Profitability (EBITDA) and Annual Recurring Revenue (ARR). The financial highlights include:

- ARR growth over 5 years has averaged 15% per annum;
- ARR increasing to >$6.1 million and 69% of revenue;
- Total revenue of $8.9 million, down 8% due to lower one-off licenses ($0.6 million down);
- Operating cash flow increasing to $1.3 million, up 1,688%; and
- EBITDA rising to $0.6 million, up 95%, continuing the progress of the last few years.





Additionally:

- Raised $1.25 million in Convertible Notes from existing shareholders and directors;
- Invested > $2 million in a significant upgrade in our range of technology solutions;
- Invested > $0.4m in substantial new infrastructure upgrades and enhancements;
- Continued to enhance our global team, both management and staff; and
- Chris Fydler, our CEO, joined the board as Managing Director.

The enhanced and expanded suite of products and solutions is gaining traction and new customers, especially Tambla PayCE (Pay and Allowance Calculation Engine) and Tambla Insights (Workforce Intelligence), both in Australia and North America. Traction has continued in the 2020 year.

We continue to see the opportunity for new customers in all our markets, as workforce efficiency and, most importantly, ensuring that employers pay their employees correctly continue to be primary drivers of the demand for our products and solutions. The move to hosted solutions rather than on-premise solutions also continues to drive demand. The significant investment made over the last couple of years in our product range and infrastructure enables us to take advantage of these opportunities with both existing and new customers, and both locally and globally.

New partnerships, M&A and private equity investments in the Human Capital Management, HR, payroll, training and employee engagement sectors over the last two years has been significant. These changes have driven a re-alignment, opening new opportunities and the potential for new partnerships and customers. Although the current COVID-19 crisis will affect this, we believe post-crisis we will continue to be well-positioned.

Our strategy continues to be to drive the creation of sustainable shareholder value by growing revenues, especially ARR, operating cash flow, operating EBITDA and the achievement of ongoing profitability. To do this, we will continue to focus on developing our people, management team, products, customer and partner relationships while also tightly managing our cost base. Importantly, we have been able to move seamlessly to a remote operating model this month that we expect to enable us to drive further operating efficiencies in the months to come.

Over the last year, it has been increasingly apparent to directors and management that Tambla and its shareholders are not benefiting from being listed on the ASX. We have low liquidity and access to capital is only being delivered by existing shareholders and director-related investors. The listing has also proven a disadvantage in M&A and some regular business (and tendering) opportunities, where we believe Tambla was held to a higher standard than others. Thus we have decided to seek shareholder approval to delist from the ASX. We believe that this will lower our cost base significantly, enable

Tambla to compete more effectively and better position us to deliver on our strategy and ultimate delivery of shareholder value.

Many thanks to Chris Fydler, our managing director, for his leadership and to my fellow directors, the executive team and staff. Also, thank you to Matthew Michalewicz for his input over his years as a non-executive director. Finally, thank you to our shareholders for their support over challenging times, especially to those who have recently invested in the 2020 convertible note issue that capitalises your company for its next stage of development.

In conclusion, we believe that your company is as well placed as possible in the new global (COVID-19) environment. There is the demand for our enhanced product range, which should continue as employers, employees and governments seek efficiencies and certainty. While our enterprise customer base, balanced over a diverse set of industries and government entities, strong recurring revenue (69%) base and continued positive operating cash flow provides a solid position for the future. We face the 2020 year and the global COVID-19 environment with tempered confidence.

Yours sincerely,

Niall Cairns
Non-Executive Chairman

26 March 2020
Sydney

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Tambla Limited (referred to hereafter as the 'company', 'Tambla' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 31 December 2019.

Directors
The following persons were directors of Tambla Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Mr Niall Cairns	Non-Executive Chairman
Mr Chris Fydler	Managing Director (appointed on 21 November 2019)
Dr Phillip Carter	Non-Executive Director
Mr Neil Docherty	Non-Executive Director
Mr Matthew Michalewicz	Non-Executive Director (resigned on 21 November 2019)

Principal activities
During the financial year, the principal activities of the consolidated entity consisted of the provision of Intelligent Workforce Solutions through its cloud-based software. Initially required to simplify the highly complex labour force environments of Australia and New Zealand, today the consolidated entity provides these solutions to enterprises globally who are looking to simplify complex working environments and gain greater efficiency and transparency of their workforces. It specialises in interpreting complex business rules including Award Wages and Enterprise Bargaining Agreements and is a leader in the emerging field of Workforce Intelligence.

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

Review of operations
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 Group’s position has continued to benefit from its bottom line 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).

EBITDA represents the profit determined under the 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.

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

	Consolidated 2019 $	Consolidated 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

Significant changes in the state of affairs
There were no significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year
Subsequent to the reporting date, the existence of the infectious disease COVID-19 ('Coronavirus') has become widely known, and begun to rapidly spread throughout the world, including Australia. The consolidated entity considers this to be a non-adjusting event after the reporting date. Since the reporting date this has caused increasing disruption to populations, and to business and economic activity. As this situation is rapidly developing, it is not yet practicable to estimate the potential impact this may have on the consolidated entity.

The consolidated entity has signed a Convertible Note Deed poll with subscription amounts totalling $1,525,000.

The consolidated entity has submitted a formal application for the removal of Tambla from the Australian Securities Exchange Official List pursuant to ASX Listing Rule 17.11.

No other 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.

Likely developments and expected results of operations
Tambla enters 2020 in a stable financial position and is well positioned for a solid performance with:

- solid cash balances coupled with 4 prior quarters of consecutive operating cash flow surpluses which are expected to continue into the financial year ended 31 December 2020;
- a stable revenue base, growing recurring revenue streams and high customer retention rates;
- an enhanced suite of products; and
- a strengthened business development pipeline.

The consolidated entity’s platform for profitable growth is expected to deliver an improved positive EBITDA for the financial year ended 31 December 2020.

Environmental regulation
The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors

Name:	Niall Cairns
Title:	Non-Executive Chairman
Qualifications:	Niall holds a Bachelor of Economics (BEc) and is a Chartered Accountant (CA) and Fellow of the Institute of Company Directors (FAICD).
Experience and expertise:	Niall is a technology growth company developer and investor. As a co-founder of Kestrel Capital Pty Ltd (founded in Sydney in 1993), Niall has over 30 years' experience in investing in and developing technology companies with global aspirations and opportunities. During this time, he (and Kestrel) has invested in over 60 companies and delivered significant value creation and exits. This has included listed and unlisted companies in Australia, NZ, US and UK; and exits to local and internationally based listed and unlisted groups, including being an AVCAL award winner for Best Expansion Deal for Gale Pacific Limited.
Other current directorships:	Cardiex Limited (ASX: CDX), Chant West Holdings Limited (ASX: CWL), Agri-Carbine Investments Limited (formerly Tru-Test Corporation Limited), Kestrel Growth Companies Limited, Kestrel Capital Pty Ltd, C2 Ventures P/L and the Carnethy Group of Companies.
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Nomination and Remuneration Committee and member of the Audit Committee
Interests in shares:	6,397,998 ordinary shares held indirectly
Interests in options:	None
Interests in rights:	None
Contractual rights to shares:	Niall holds $900,000 in convertible loan notes

Name:	Chris Fydler OAM, Llb (Hons), BCom, GAICD
Title:	Managing Director
Qualifications:	Chris is a solicitor and has a Bachelor of Commerce and Bachelor of Law (Hons) degrees. Chris was admitted as a graduate of the Australian Institute of Company Directors in mid-2018 and is a Justice of the Peace.
Experience and expertise:	Chris Fydler has made a significant contribution to Tambla in his time as CEO and he has an enviable track record of commercial, sporting and personal achievements. Chris has strong leadership experience in high growth software and services businesses, growing sales and building high performance teams, and successfully executing M&A transactions. Prior to joining Tambla in June 2017, Chris was co-owner and CEO of Oriel Technologies, a systems integrator and cloud services company. He joined Oriel in 2003 as National Sales Manager and was promoted to CEO in 2010. He led the sale of the company to ASX listed BigAir Group in 2015. After leading the 18 month post acquisition integration program and managing the Cloud and Managed Services sales team, he departed BigAir in 2016. Prior to Oriel, Chris was Commercial Manager at Comindico Australia, a national ISP (backed by AMP, CPHIC, Queensland Press, AGL and JP Morgan) and a Solicitor at Blake Dawson Waldron (now Ashurst). In addition to his corporate career, Chris brings unique experience in high performance teams. A triple Olympian in the sport of swimming, Chris was a gold medallist in the Sydney 2000 Olympics. Following his athletic career, Chris has been the Australian Deputy Chef de Mission at the London 2012 and Rio 2016 Olympic Games, a board member of Swimming Australia Limited and is currently a member of FINA Disciplinary Panel.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Managing Director and member of the Nomination and Remuneration Committee and member of the Audit Committee.
Interests in shares:	106,011 ordinary shares
Interests in options:	None
Interests in rights:	680,000 performance rights
Contractual rights to shares:	None

Name:	Dr Phillip Carter
Title:	Non-Executive Director
Qualifications:	Phillip holds a doctorate and bachelor's degree in engineering (PhD, BEng) and a master's degree in finance (MAppFin). He is also a Fellow of the Institute of Company Directors (FAICD) and a Senior Fellow of the Financial Services Institute (SF Fin).
Experience and expertise:	Phillip is a joint managing director of Kestrel Capital Pty Ltd. He has extensive experience developing and financing technology rich industrials in Australia, Europe and the United States of America. As chairman of Prism Group Holdings (a developer of enterprise management information systems software), he led the restructure and turnaround of its global operations and subsequent sale of the business to a US competitor, delivering significant returns to investors. Previously, Phillip headed a leading United Kingdom technology consulting and investment advisory practice and managed the InterTechnology Fund, recognised by the European Private Equity and Valuations Capital Association (EVCA) as one of the most active development capital funds in Europe.
Other current directorships:	Kestrel Growth Companies Limited and Chant West Holdings Limited and Field Solutions Holdings Group Limited.
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Nomination and Remuneration Committee and Chairman of the Audit Committee.
Interests in shares:	3,538,022 ordinary shares held indirectly
Interests in rights:	None
Contractual rights to shares:	None

Name:	Neil Docherty
Title:	Non-Executive Director
Qualifications:	Saint Columba’s College Greenock, Scotland, Glasgow University and MBA from University of Southern California, Berkley Business School Executive MBA Program.
Experience and expertise:	Neil has more than 45 years of leadership experience in Business Management and Information Technology, of which the last 20 have been spent as an Owner, Board Member and CEO in the Business Consulting, Information Technology and Telecommunications and Professional Services industries. Neil was CEO of DMR Consulting, a $120 million, 1,000 person organisation and an Executive General Manager of Fujitsu Australia Limited. He has also started his own technology services company which he sold to a NASDAQ listed organisation. Most recently he has consulted as an Advisory Board Member to the Birchman Group (recently acquired by SMS), SigNav (a world class precision signalling developer acquired by leading Swiss organisation u-Blox) and Avand Limited (an Australian Content Management Company acquired by Technology One). Neil brings to Tambla a strong background in management, go-to-market strategies, sales, and services management.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chairman of the Nomination and Remuneration Committee and member of the Audit Committee.
Interests in shares:	None
Interests in options:	None

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary

Christopher Brooke ('Chris') is Tambla's Chief Financial Officer and Company Secretary. An experienced finance professional, Chris has worked in senior roles with a range of ASX listed companies over his 25 year career, including KPMG and Boral Energy Resources Ltd as well as the Adelaide companies Suburban Transport Services and FH Faulding Ltd. Prior to joining Tambla, Chris was formerly the Group Chief Financial Officer for Razor Risk Technologies Ltd, whom he had been with since 2007. Chris assisted with the successful sale of the business to the Toronto and Montreal Stock Exchange (TMX) prior to joining Tambla in April 2012.

Chris has a proven track record in driving cost management, cash control and staff utilisations. He also has strengths in finance negotiations, liaison with sales teams and enhancement of management and board reporting information.

Chris holds a Bachelor's Degree in Economics majoring in Accounting (BEc(Acc)) and has a Masters of Business Administration (MBA) and is both a fellow member of CPA Australia (CPA) and the Institute of Chartered Secretaries and Administrators (London) (ICSA). Chris has recently successfully completed the Australian Institute of Company Directors course and is a Justice of the Peace.

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 31 December 2019, and the number of meetings attended by each director were:

	Full Board		Nomination and Remuneration Committee		Audit Committee	
	Attended	Held	Attended	Held	Attended	Held
Niall Cairns	13	13	2	2	3	3
Chris Fydler	1	1	-	-	1	1
Phillip Carter	13	13	2	2	3	3
Neil Docherty	12	13	2	2	3	3
Matthew Michalewicz	10	11	1	1	2	2

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Remuneration report (audited)

The remuneration report details the key management personnel ('KMP') remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to KMP

Principles used to determine the nature and amount of remuneration

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders and conforms to the market best practice for the delivery of reward. The Board of Directors ('the Board') and in particular the Nomination and Remuneration Committee ('NRC') are engaged in the progressive refinement of reward policy and practice consistent with good governance in ensuring that executive reward satisfies the following key criteria:
- competitiveness and reasonableness;
- acceptability to shareholders;
- linked to performance; and
- is transparent.

The function of the NRC is currently carried out by the full Board, due to the size of the Board. The NRC is responsible for determining and reviewing remuneration arrangements for its directors and executives. The consolidated entity's remuneration policy has been developed to enable it to attract, motivate and retain high quality executives. The NRC has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the consolidated entity.

The reward framework is designed to align executive reward to shareholders' interests. The Board has considered that it should seek to enhance shareholders' interests by:
- having economic profit as a core component of plan design;
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the KMP on key drivers of sustainability and value creation; and
- attracting and retaining high calibre KMPs.

Additionally, the reward framework should seek to enhance executives' interests by:
- rewarding capability and experience;
- reflecting competitive reward for contribution to growth in shareholder wealth; and
- providing a clear structure for earning rewards.

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

Non-executive directors, remuneration
Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees are reviewed annually by the NRC. The NRC may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the market. The chairman is not present at any discussions relating to the determination of his own remuneration. Obligations required to be met in compliance with the Superannuation Guarantee legislation are incorporated within Board approved fees for all non-executive directors.

In accordance with the constitution of the company, shareholders determine the aggregate remuneration of the non-executive directors. The maximum aggregate remuneration for non-executive directors is currently $500,000 per annum. The directors determine the allocation of the aggregate remuneration, or part thereof, between themselves.

There are no schemes or provisions for retirement benefits for non-executive directors.

Executive remuneration
The consolidated entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has three components:
- Fixed remuneration – salary, employee benefits and superannuation contributions;
- Annual incentive – payments aligned to both the consolidated entity and the individual's performance assessed annually; and
- Equity – share options/performance rights granted under the company's approved incentive plans.

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the NRC based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

Short-term incentives ('STI')
The short-term incentives ('STI') program is designed to align the targets of the business units with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved. KPI's include revenue, staff utilisations, management of costs and profit and cash flow.

Long term incentives ('LTI')
A select number of senior executives and managers have been granted options and/or share performance rights over shares in the company which are available to be exercised after defined periods of service. The exercise price of options and/or share performance rights in all instances have been set at a premium to the prevailing share price at the time of award. In this manner, the Board believes that executive reward is aligned to share price growth and further under the program and recent grants the executive only benefits if the share price increases, which in turn benefits all shareholders.

The LTI plan presently incorporates the granting of options and/or performance rights and has been established in order to:
- align employees reward with growth in the enterprise value;
- assist in the retention and motivation of employees of the consolidated entity; and
- provide an incentive to directors and executives of the consolidated entity to grow shareholder value by providing them with an opportunity to receive an ownership interest in the company.

Consolidated entity performance and link to remuneration
The Board refers to the consolidated entity and KMP performance when determining incentive payments. STI and LTI are based on measures outlined above.

The following incentive plans have been established by the consolidated entity and approved by shareholders at the annual general meeting held on 7 May 2018:
- Employee share option plan (option plan) under which eligible employees may be offered the opportunity to be granted options; and
- Employee performance rights plan (performance rights plan) under which eligible employees may be offered the opportunity to be granted performance rights.

An eligible employee includes a director, senior executive or employee of the consolidated entity or an associated body corporate of the consolidated entity.

The Board may, in its absolute discretion, invite an eligible employee to participate in the option plan or performance right plan. Shareholder approval is required before a director or related party of the company can participate in an issue of options under the option plan or an issue of performance rights under the performance rights plan. No grant under the LTI plan would be made to a director or a related party of a director without prior shareholder approval. The Board are not proposing any such award for the year ending 31 December 2019.

Related party payments
A number of directors are associated with shareholders or entities which provide services to the consolidated entity. Those services are requested by management and are authorised by the Board both prior to the provision of those services and following receipt of invoices outlining the provision and cost of services. Board approval follows a sign-off from the Managing Director and the related party is absent from the authorisation process. Related party arrangements are reviewed annually by the Chair of the NRC and a recommendation made to the Board. These related party transactions primarily relate to Kestrel Capital Pty Limited and its affiliates, associated with Niall Cairns and Phillip Carter. Refer to 'Additional disclosures relating to KMP' section below for further details.

Use of remuneration consultants
During the financial year ended 31 December 2019, the consolidated entity did not engage any remuneration consultants, to review its existing remuneration policies and provide recommendations on how to improve both the STI and LTI programs.

Voting and comments made at the company's 2019 Annual General Meeting ('AGM')
At the 2019 AGM, 94.51% of the votes received supported the adoption of the remuneration report for the year ended 31 December 2018. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration
The KMP of the consolidated entity consisted of the following directors of Tambla Limited:
- Niall Cairns (Non-Executive Chairman)
- Chris Fydler (Managing Director)
- Phillip Carter (Non-Executive Director)
- Neil Docherty (Non-Executive Director)
- Matthew Michalewicz (Non-Executive Director)

And the following person:
- Christopher Brooke (Chief Financial Officer and Company Secretary)

Details of the remuneration of KMP of the consolidated entity are set out in the following tables.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2019	Cash salary and fees $	Bonus payable $	Consulting $	Super-annuation $	Employee leave $	Equity-settled $	Total $
Non-Executive Directors:							
N. Cairns	90,000	-	-	-	-	-	90,000
P. Carter	65,000	-	-	-	-	-	65,000
N. Docherty	65,000	-	-	-	-	-	65,000
M. Michalewicz	55,000	-	-	-	-	-	55,000
Executive Directors:							
Chris Fydler (a)	341,615	-	-	25,000	4,079	24,056	394,750
Other KMP:							
C. Brooke	205,154	-	-	20,250	7,692	-	233,096
	821,769	-	-	45,250	11,771	24,056	902,846

(a) Mr Fydler was appointed Managing Director on 21 November 2019. Prior to his appointment as Managing Director Mr Fydler was Chief Executive Officer of the consolidated entity. Mr Fydler's remuneration represents his remuneration for the full financial year during which he was Chief Executive Officer and Managing Director.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2018	Cash salary and fees $	Bonus payable $	Consulting $	Super-annuation $	Employee leave $	Equity-settled $	Total $
Non-Executive Directors:							
N. Cairns	90,000	-	-	-	-	-	90,000
P. Carter	65,000	-	9,375	-	-	-	74,375
N. Docherty	65,000	-	-	-	-	-	65,000
M. Michalewicz	60,000	-	-	-	-	-	60,000
Other KMP:							
C. Fydler (a)	335,000	20,000	-	25,000	1,523	19,029	400,552
C. Brooke (b), (c)	210,000	10,000	-	19,950	18,937	-	258,887
	825,000	30,000	9,375	44,950	20,460	19,029	948,814

(a) Mr Fydler received a discretionary bonus of $20,000 in recognition of good work performed during the year ended 31 December 2018.
(b) Mr Brooke received a discretionary bonus of $10,000 in recognition of good work performed during the year ended 31 December 2018.
(c) An expense associated with the grant of options has not been recorded as the amount was deemed trivial. Based on the fair value of the options at grant date, the benefit to Mr Brooke is calculated as approximately $1,000.

There have been no non-monetary benefits paid during the financial year.

Further details of share-based payments are outlined in note 39 to the financial statements.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration 2019	Fixed remuneration 2018	At risk - STI 2019	At risk - STI 2018	At risk - LTI 2019	At risk - LTI 2018
Non-Executive Directors:						
N. Cairns	100%	100%	-	-	-	-
P. Carter	100%	100%	-	-	-	-
N. Docherty	100%	100%	-	-	-	-
M. Michalewicz	100%	100%	-	-	-	-
Executive Directors:						
Chris Fydler	94%	90%	-	5%	6%	5%
Other KMP:						
C. Brooke	100%	96%	-	4%	-	-

Cash bonuses are dependent on meeting defined performance measures. The amount of the bonus is determined having regard to the satisfaction of performance measures and weightings as described above in the section 'Consolidated entity performance and link to remuneration'. The maximum bonus values are established at the start of each financial year and amounts payable are determined in the final month of the financial year by the Nomination and Remuneration Committee.

The proportion of the cash bonus paid/payable or forfeited is as follows:

Name	Cash bonus paid/payable 2019	Cash bonus paid/payable 2018	Cash bonus forfeited 2019	Cash bonus forfeited 2018
Executive Directors:				
C. Fydler	-	100%	-	-
Other Key Management Personnel:				
C. Brooke	-	100%	-	-

Service agreements

Remuneration and other terms of employment for KMP are formalised in service agreements. Details of these agreements are as follows:

Name:	Chris Fydler
Title:	Managing Director
Agreement commenced:	26 June 2017
Term of agreement:	30 June 2020
Details:	Base salary of $360,000 and 6 month notice period. STI: Mr Fydler is entitled to short-term incentives as determined by the Nomination and Remuneration Commitee. LTI: Mr Fydler is eligible to participate in the LTI plan, being 3.3% of the company's issued share capital, vesting over a period of three years and will be subject to performance conditions. The performance condition of achieving growth in the company's share price is aligned with shareholders' interests. On 20 November 2019, the Remuneration and Nomination's Committee approved an additional $5,000.00 per month increase in Mr Fydler's base salary for his added responsibility and role as Managing Director.

Name:	Christopher Brooke
Title:	Chief Financial Officer and Company Secretary
Agreement commenced:	1 February 2013
Term of agreement:	No fixed term
Details:	Base salary of $210,000 and 12 month notice period. STI: Mr Brooke is entitled to short-term incentives as determined by the Nomination and Remuneration Commitee.

KMP have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

The remuneration packages of the Managing Director and CFO include the issue of options and share performance rights, which are subject to a time-based performance hurdle and, in some cases, share price performance hurdles, which the directors believe reflects the stage of development of the company.

Issue of shares
There were no shares issued to directors and other KMP as part of compensation during the year ended 31 December 2019.

Options
As at 31 December 2019, there were no options over ordinary shares affecting remuneration of directors and other KMP in this financial year or future reporting years.

The number of options over ordinary shares granted, vested and expired in directors and other KMP during the year ended 31 December 2019 are set out below:

Name	Number of options granted during the year 2019	Number of options granted during the year 2018	Number of options vested during the year 2019	Number of options vested during the year 2018	Number of options expired during the year 2019	Number of options expired during the year 2018
C. Brooke	-	-	-	10,000	40,000	-

Performance rights
The terms and conditions of each grant of performance rights over ordinary shares affecting remuneration of directors and other KMP in this financial year or future reporting years are as follows:

Name	Number of rights granted	Grant date	Vesting and exercisable period	Expiry date
C. Fydler - Tranche 1	120,000	20/02/2018	01/01/2018 - 31/12/2022	31/12/2022
C. Fydler - Tranche 2	120,000	20/02/2018	01/01/2019 - 31/12/2023	31/12/2023
C. Fydler - Tranche 3	120,000	20/02/2018	01/01/2020 - 31/12/2024	31/12/2024
C. Fydler - Tranche 4	120,000	20/02/2018	01/07/2018 - 30/06/2023	30/06/2023
C. Fydler - Tranche 5	100,000	20/02/2018	01/01/2019 - 31/12/2023	31/12/2023
C. Fydler - Tranche 6	100,000	20/02/2018	01/01/2020 - 31/12/2024	31/12/2024

The performance rights vest if Chris Fydler remains in employment during the vesting periods specified in the table above. The performance rights have an exercise price of nil cents and the rights will vest and become exercisable if the company’s share price achieves the following value at any point in time during the respective vesting periods:

(i) Tranche 1 – $1.25
(ii) Tranche 2 – $1.50
(iii) Tranche 3 – $2.00
(iv) Tranche 4 – $3.00
(v) Tranche 5 – $0.65
(vi) Tranche 6 – $0.65

The performance condition of achieving growth in the company's share price is aligned with shareholders' interests.

Performance rights granted carry no dividend or voting rights.

The fair value of each performance right at grant date was $0.10 for each performance right granted in tranche 1,2,3,5 and 6 and $0.05 for each performance right granted in tranche 4.

The number of performance rights over ordinary shares granted to and vested in directors and other KMP as part of compensation during the year ended 31 December 2019 are set out below:

Name	Number of rights granted during the year 2019	Number of rights granted during the year 2018	Number of rights vested during the year 2019	Number of rights vested during the year 2018
C. Fydler	-	680,000	-	-

Additional information

Consequence of performance on shareholders wealth
In considering the consolidated entity's performance and benefits for shareholder wealth, the Board have regard to the earnings of the consolidated entity and total shareholders return as summarised in the tables below.

The earnings of the consolidated entity for the five years to 31 December 2019 are summarised below:

	2019 $	2018 $	2017 $	2016 $	2015 $
(Loss)/profit after income tax	(655,196)	(348,936)	(6,507,913)	(655,048)	(3,787,102)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2019	2018	2017	2016	2015
Share price at financial year end ($)	0.39	0.55	0.35	0.70	0.90
Earnings per share (cents per share)	(3.31)	(1.76)	(0.87)	(0.09)	(0.61)

Additional disclosures relating to KMP

Shareholding
The number of shares in the company held during the financial year by each director and other members of KMP of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Consolidation of shares 50 to 1(i)	Additions	Disposals/ other(ii)	Balance at the end of the year
Ordinary shares					
N. Cairns(iii)	296,814,785	(290,878,489)	461,702	-	6,397,998
C. Fydler	5,300,550	(5,194,539)	-	-	106,011
P. Carter(iv)	176,901,077	(173,363,055)	-	-	3,538,022
M. Michalewicz	3,137,500	(3,074,750)	-	(62,750)	-
C. Brooke	10,068,374	(9,867,007)	-	-	201,367
	492,222,286	(482,377,840)	461,702	(62,750)	10,243,398

(i) On 22 May 2019, the company underwent a share reorganisation whereby the ordinary shares, options and performance rights on issue were consolidated based on a ratio of 50:1.
(ii) Other represents no longer being designated as a KMP, not necessarily a disposal of holding.
(iii) Niall Cairns' shareholding is nominally held through his directorships of Kestrel Growth Companies Limited (holder of 3,352,415 shares), Kestrel Capital Pty Ltd (holder of 124,176 shares) and Carnethy Evergreen Pty Limited (holder of 2,921,407 shares).
(iv) Phillip Carter's shareholding is nominally held through his directorships of Kestrel Growth Companies Ltd (holder of 3,352,415 shares), Kestrel Capital Pty Ltd (holder of 124,176 shares) and Granta Capital Pty Ltd (holder of 61,431 shares).

Option holding
The number of options over ordinary shares in the company held during the financial year by each director and other members of KMP of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Consolidation of options 50 to 1*	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares					
C. Brooke	4,000,000	(3,920,000)	-	(80,000)	-
	4,000,000	(3,920,000)	-	(80,000)	-

* On 22 May 2019, the company underwent a share reorganisation whereby the ordinary shares, options and performance rights on issue were consolidated based on a ratio of 50:1.

Performance rights holding
The number of performance rights over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Consolidation of performance rights 50 to 1*	Vested	Expired/ forfeited/ other	Balance at the end of the year
Performance rights over ordinary shares					
C. Fydler*	34,000,000	(33,320,000)	-	-	680,000
	34,000,000	(33,320,000)	-	-	680,000

* On 22 May 2019, the company underwent a share reorganisation whereby the ordinary shares, options and performance rights on issue were consolidated based on a ratio of 50:1.

Other transactions with KMP and their related parties
The loss for the financial year includes the following services purchased from directors or other KMP or their personally related entities other than remuneration, loans or equity holdings that have been separately detailed above:

(a) $nil of out-of-pocket expenses from Carnethy Investments Pty Ltd which is a consulting services company privately owned by Niall Cairns (2018: $2,274).
(b) $234 of out-of-pocket expense from Granta Capital Pty Ltd which is a consulting services company of which Phillip Carter is a director and shareholder (2018: $705).
(c) $791 of out-of-pocket expense from Chrysalis Professional Services Pty Ltd which is a consulting services company privately owned by Neil Docherty (2018: $961).
(d) $15,870 of out-of-pocket expense from Credibility Corporation Pty Ltd which is a consulting services company privately owned by Matthew Michalewicz (2018: $12,033).

This concludes the remuneration report, which has been audited.

Shares under option
Unissued ordinary shares of Tambla Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
01/07/2016	30/06/2022	$1.500	100,000

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

Shares under performance rights
Unissued ordinary shares of Tambla Limited under performance rights at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under rights
20/02/2018	31/12/2022	$0.000	120,000
20/02/2018	31/12/2023	$0.000	120,000
20/02/2018	31/12/2024	$0.000	120,000
20/02/2018	30/06/2023	$0.000	120,000
20/02/2018	31/12/2023	$0.000	100,000
20/02/2018	31/12/2024	$0.000	100,000
			680,000

No person entitled to exercise the performance rights had or has any right by virtue of the performance right to participate in any share issue of the company or of any other body corporate.

Shares issued on the exercise of options
There were no ordinary shares of Tambla Limited issued on the exercise of options during the year ended 31 December 2019 and up to the date of this report.

Shares issued on the exercise of performance rights
There were no ordinary shares of Tambla Limited issued on the exercise of performance rights during the year ended 31 December 2019 and up to the date of this report.

Indemnity and insurance of officers
The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability 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.

Indemnity and insurance of auditor
The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to 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 part of those proceedings.

Non-audit services
Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 30 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), 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 as disclosed in note 30 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Officers of the company who are former partners of Grant Thornton Audit Pty Ltd

There are no officers of the company who are former partners of Grant Thornton Audit Pty Ltd.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Auditor

Grant Thornton Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Niall Cairns Non-Executive Chairman	Phillip Carter Non-Executive Director

26 March 2020
Sydney

Level 17, 383 Kent Street
Sydney NSW 2000

Correspondence to:
Locked Bag Q800
QVB Post Office
Sydney NSW 1230

T +61 2 8297 2400
F +61 2 9299 4445
E info.nsw@au.gt.com
W www.grantthornton.com.au

Auditor's Independence Declaration

To the Directors of Tambla Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Tambla Limited for the year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

M Leivesley

M R Leivesley
Partner – Audit & Assurance

Sydney, 26 March 2020

	Note	Consolidated 2019 $	Consolidated 2018 $
Revenue	5	8,853,973	9,726,272
Other income	6	405,397	593,479
Interest income		7,294	3,395
Expenses			
Materials - clocks		(72,419)	(98,032)
Employee benefits expense	7	(6,577,068)	(7,484,424)
Consultancy and legal fees		(258,893)	(433,170)
Directors' fees		(281,615)	(280,000)
Depreciation and amortisation expense	7	(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	8	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	38	(3.31)	(1.76)
Diluted earnings per share	38	(3.31)	(1.76)

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

	Note	Consolidated 2019 $	Consolidated 2018 $
Assets			
Current assets			
Cash and cash equivalents		547,222	786,398
Trade and other receivables	9	830,262	1,093,853
Contract assets	10	110,069	308,100
Inventories	11	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	12	364,193	92,404
Right-of-use assets	13	115,272	-
Intangible assets	14	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	15	1,020,429	1,292,406
Contract liabilities	16	2,171,594	1,925,905
Borrowings	17	249,877	-
Lease liabilities	18	193,822	-
Derivative financial instruments	19	136,630	-
Provisions	20	668,964	782,439
Other current liabilities	21	574,448	-
Total current liabilities		5,015,764	4,000,750
Non-current liabilities			
Borrowings	22	1,114,115	-
Deferred tax	23	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	24	38,302,877	38,286,177
Reserves	25	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 (note 39)	-	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 24)	16,700	-	-	16,700
Share-based payments (note 39)	-	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 $	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	36	1,315,742	168,890
Cash flows from investing activities			
Payments for property, plant and equipment	12	(408,956)	(49,461)
Payments for intangible assets	14	(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. General information

The financial statements cover Tambla Limited ('company' or 'parent entity') as a consolidated entity consisting of Tambla Limited and the entities it controlled at the end of, or during, the year ('consolidated entity). The financial statements are presented in Australian dollars, which is Tambla's Limited's functional and presentation currency.

Tambla Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 16
132 Arthur Street
North Sydney NSW 2060

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 26 March 2020. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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.

Note 2. Significant accounting policies (continued)

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:

	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

Going concern
The directors have prepared the financial statements on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and extinguishment of liabilities in the ordinary course of business. The financial report does not include any adjustments relating to the recoverability and classification of recorded assets or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

As at 31 December 2019 the consolidated entity had a working capital deficiency of $2,836,596 (2018: deficiency of $1,503,528) and reported a net loss after tax for the year of $655,196 (2018: $348,936) and operating cash inflows of $1,315,742 (2018: operating cash inflows of $168,890) for the financial year.

Subsequent to the reporting date, the consolidated entity has signed a Convertible Note Deed poll with subscription amounts totalling $1,525,000. The funds raised will be used to provide additional working capital to provide financial support for the Company and primarily invested in sales and marketing initiatives to accelerate the Company's current growth plans and continued customer-focused product development. A portion of the funds will also be used to facilitate the delisting of Tambla from the ASX.

Note 2. Significant accounting policies (continued)

The economic impacts of the COVID-19 coronavirus outbreak, which occurred subsequent to the reporting date, remain uncertain. It is possible that there will be subdued economy wide activity during the year ended 31 December 2020. To date, COVID-19 has had minimal impact on the business, however in this environment the directors acknowledge it does have the potential to affect parts of the business, particularly if customers curtail their expenditure on professional services and development projects and / or have liquidity problems and delay payments for SAAS services provided.

The above factors indicate an uncertainty which may cast doubt as to whether the Group will be able to continue as a going concern and therefore whether the Group will be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the consolidated financial statements.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 34.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Tambla Limited as at 31 December 2019 and the results of all subsidiaries for the year then ended. Tambla Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Note 2. Significant accounting policies (continued)

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation
The financial statements are presented in Australian dollars, which is Tambla Limited's functional and presentation currency.

Foreign currency transactions
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition
The consolidated entity recognises revenue as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of software and goods
Sale of software licenses which does not include installation and support services, is accounted for as a separate performance obligation. Sale of software licences provides the customer with a right of use of the group's software as it exists at the point in time the licence is granted. Revenue from license sales will be recognised at the point in time when the performance obligation to transfer control to the customer is satisfied and the ownership risks have effectively passed to the customer pursuant to the contract. Revenue is only recognised where there is a signed contract confirming the terms and value of the license sale or license extension along with a signed letter from the customer confirming that the software has been delivered or that the customer has access to it.

Sale of goods
Sale of goods revenue is recognised when its performance obligation to transfer control of the goods to the customer is satisfied which occurs either at the point of sale or when delivery is completed by way of shipping the product to the location specified by the customer and the ownership risks have therefore passed to the customer pursuant to the contract. Amounts disclosed as revenue are net of sales returns and trade discounts.

Note 2. Significant accounting policies (continued)

Rendering of installation services
Rendering of services revenue, being installation, is recognised when the performance obligations have been satisfied and control of the installed software and goods has passed to the customer which is measured by reference to the stage of completion. Stage of completion is measured by reference to time and costs incurred to date as a percentage of total costs for each contract. Where the contract outcome cannot be reliably estimated, revenue is only recognised to the extent of the recoverable costs incurred to date.

Customer Support and Hosting
Revenue from customer support or hosting (SaaS or MAS) is typically paid in advance on an annual, quarterly or monthly basis. Revenue is recognised over the period the customer support/hosting relates to (the coverage period) and shall not be refundable in any way. Customer support and hosting fees received in advance of the performance of services are deferred and recognised as contract liabilities.

Interest income
Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Research and development rebate
The consolidated entity has adopted the income approach to accounting for research and development tax offsets pursuant to AASB 120 'Accounting for Government Grant and Disclosure of Government Assistance' whereby the incentive is recognised in profit or loss on a systematic basis over the periods in which the consolidated entity recognises the eligible expenses when capitalised then deferred.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or 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 nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Note 2. Significant accounting policies (continued)

Tambla Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

The tax sharing agreement provides for the determination of the allocation of income tax liabilities between tax consolidated entities should the head entity default in its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement as payment of any amounts under the tax sharing agreement is considered remote.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Contract assets
Contract assets are recognised when the consolidated entity has transferred goods or services to the customer but where the consolidated entity is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

Note 2. Significant accounting policies (continued)

Inventories
Stock on hand is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Derivative financial instruments
Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Derivatives are classified as current or non-current depending on the expected period of realisation.

Property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Leasehold improvements	1-3 years
Plant and equipment	3-13 years
Furniture and fittings	5-13 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

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.

Note 2. Significant accounting policies (continued)

Intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill
Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Research and development
Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the consolidated entity is able to use or sell the asset; the consolidated entity has sufficient resources; and intent to complete the development and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of five years.

Software
Significant costs associated with acquired software are deferred and amortised on a straight-line basis over the period of their expected benefit, being its finite useful life of seven years.

Customer relationships
Customer relationships acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite useful lives of seven years.

Impairment of non-financial assets
Goodwill is not subject to amortisation and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Contract liabilities
Contract liabilities are recognised when a customer pays consideration for maintenance services, or when the consolidated entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier), in circumstances where the consolidated entity is yet to transfer goods or services to satisfy performance obligations to the customer.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

Note 2. Significant accounting policies (continued)

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised as an embedded derivative which is fair valued at each reporting date. Movements in fair value of the embedded derivative are recognised in the statement of profit or loss. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

A provision for onerous contracts is recognised when the expected benefits to be derived by the consolidated entity from a contract are lower than the unavoidable cost of meeting the obligations under the contract. Such contracts include property leases when the consolidated entity has committed to a course of action that will result in the property becoming vacant.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for employee benefits not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Note 2. Significant accounting policies (continued)

Share-based payments
Equity-settled compensation benefits are provided to directors, employees, suppliers and other parties. Equity-settled transactions are awards of shares, or options over shares including performance rights, that are provided for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Note 2. Significant accounting policies (continued)

Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Business combinations
The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Tambla Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Note 2. Significant accounting policies (continued)

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

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

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 31 December 2019. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

Revised Conceptual Framework for Financial Reporting
A revised Conceptual Framework for Financial Reporting has been issued by the AASB and is applicable for annual reporting periods beginning on or after 1 January 2020. This release impacts for-profit private sector entities that have public accountability that are required by legislation to comply with Australian Accounting Standards and other for-profit entities that voluntarily elect to apply the Conceptual Framework. Phase 2 of the framework is yet to be released which will impact for-profit private sector entities. The application of new definition and recognition criteria as well as new guidance on measurement will result in amendments to several accounting standards. The issue of AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework, also applicable from 1 January 2020, includes such amendments. Where the group has relied on the conceptual framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under Australian Accounting Standards, the consolidated entity may need to revisit such policies. The consolidated entity will apply the revised conceptual framework from 1 July 2020 and is yet to assess its impact.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Revenue recognition
Determining when to recognise revenues from installation, customer support and hosting services recognised over time, the amounts of revenue recognised in the reporting period depends on the extent to which the performance obligations have been satisfied. For customer support agreements, revenue recognition requires an understanding of the customer's use of the related products, historical experience and knowledge of the market. Recognising revenue from installation services also requires significant judgement in determining milestones, actual work performed and the estimated costs to complete the work.

Recognised amounts of contract revenues and related receivables reflect management's best estimate of each contract's outcome and stage of completion. This includes the assessment of the profitability of ongoing contracts and the order backlog. For more complex contracts in particular, costs to complete and contract profitability are subject to significant estimation uncertainty.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Share-based payment transactions
The consolidated entity measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Estimation of useful lives of assets
The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Goodwill
The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Income tax
The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Employee benefits provision
As discussed in note 2, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Capitalised development software
Capitalised development software costs have been capitalised on the basis that the software project to which they relate will be a success considering its commercial and technical feasibility, from which time the costs will be amortised. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered through the successful commercialisation of the software assets. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

Note 4. Operating segments

Identification of reportable operating segments
The consolidated entity is organised into one operating segment being workforce management. This operating segment is based on the internal reports that are reviewed and used by the Managing Director and Chief Financial Officer (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

Note 4. Operating segments (continued)

The workforce management business focuses on providing effective workforce management solutions including rostering and scheduling, award interpretation, labour cost management, fatigue risk management, leave management, time and attendance, employee self-service portals, risk management and safety compliance and workforce analytics. The Software central to this business is Microster (workforce management solutions), eTivity (workforce management solutions), Rostima (workforce management solutions) and Salvus (safety, risk and claims solutions).

The operating segment information is the same information as provided throughout the financial statements and therefore not duplicated.

Major customers
During the year ended 31 December 2019 approximately 13% (2018: 12%) of the consolidated entity's external revenue was derived from sales to a single customer.

Geographical information

	Sales to external customers		Geographical non-current assets	
	2019 $	2018 $	2019 $	2018 $
Australia	7,895,723	8,679,026	3,887,662	2,320,734
New Zealand	63,639	54,842	-	-
United Kingdom	894,611	992,404	1,612	1,504
	8,853,973	9,726,272	3,889,274	2,322,238

The geographical non-current assets above are exclusive of, where applicable, financial instruments, deferred tax assets, post-employment benefits assets and rights under insurance contracts.

Note 5. Revenue

	Consolidated	
	2019 $	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

Disaggregation of revenue
The disaggregation of revenue from contracts with customers is as follows:

Note 5. Revenue (continued)

	Consolidated 2019 $	Consolidated 2018 $
Major product lines		
Sale of software licences	204,124	745,752
Product services	1,891,688	1,887,609
Customer support	3,679,449	3,967,965
Subscriptions	2,160,950	2,248,000
Development	527,519	457,708
Royalties and commissions	44,570	40,670
Sale of clocks	137,812	148,515
Clock maintenance	207,861	230,053
	8,853,973	9,726,272

	Consolidated 2019 $	Consolidated 2018 $
Timing of revenue recognition		
Products and services transferred at a point in time	386,506	934,937
Services transferred over time	8,467,467	8,791,335
	8,853,973	9,726,272

Note 6. Other income

	Consolidated 2019 $	Consolidated 2018 $
Research and development rebate	355,947	462,218
Derivative fair value movement (note 28)	10,716	-
Miscellaneous income	38,734	131,261
Other income	405,397	593,479

Note 7. Expenses

	Consolidated 2019 $	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 8. Income tax benefit

	Consolidated 2019 $	Consolidated 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 23)	(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 $	Consolidated 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 $	Consolidated 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

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 9. Current assets - trade and other receivables

	Consolidated 2019 $	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

Allowance for expected credit losses
The consolidated entity has recognised a net loss of $nil (2018: net gain of $22,135) in profit or loss in respect of impairment of receivables for the year ended 31 December 2019.

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

Consolidated	Expected credit loss rate 2019 %	Expected credit loss rate 2018 %	Carrying amount 2019 $	Carrying amount 2018 $	Allowance for expected credit losses 2019 $	Allowance for expected credit losses 2018 $
Not overdue	-	-	606,512	342,693	-	-
0 to 3 months overdue	-	-	193,042	744,542	-	-
3 to 6 months overdue	-	-	29,150	5,060	-	-
Over 6 months overdue	91.650%	91.650%	18,658	18,658	17,100	17,100
			847,362	1,110,953	17,100	17,100

Movements in the allowance for expected credit losses are as follows:

	Consolidated 2019 $	Consolidated 2018 $
Opening balance	17,100	101,216
Receivables recovered which were previously written off	-	(61,981)
Unused amounts reversed	-	(22,135)
Closing balance	17,100	17,100

Note 10. Current assets - contract assets

	Consolidated 2019 $	Consolidated 2018 $
Contract assets	110,069	308,100

Contract assets have significantly dropped between 31 December 2018 and 31 December 2019 due to timing of recognition of revenue in satisfying the performance obligations to actual invoicing, which is expected to be invoiced in quarter one of 2020.

Allowance for expected credit losses
The allowance for expected credit losses on contract assets for the year ended 31 December 2019 is $nil (2018:$nil).

Note 11. Current assets - inventories

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

Note 12. Non-current assets - property, plant and equipment

	Consolidated 2019 $	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

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 13. Non-current assets - right-of-use assets

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

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

The consolidated entity leases its offices under agreements of 5 years which expire in July 2020.The consolidated entity is currently negotiating new lease terms for a further extension of 5 years.

Note 14. Non-current assets - intangible assets

	Consolidated 2019 $	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 15. Current liabilities - trade and other payables

	Consolidated 2019 $	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

Refer to note 27 for further information on financial instruments.

Note 16. Current liabilities - contract liabilities

	Consolidated 2019 $	Consolidated 2018 $
Contract liabilities	2,171,594	1,925,905

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

Opening balance	1,925,905	1,836,918
Payments received in advance	4,309,098	4,730,547
Transfer to revenue - included in the opening balance	(1,925,905)	(1,836,918)
Transfer to revenue - other balances	(2,137,504)	(2,804,642)
Closing balance	2,171,594	1,925,905

Unsatisfied performance obligations
The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was $2,171,594 as at 31 December 2019 ($1,925,905 as at 31 December 2018) and is expected to be recognised as revenue in future periods as follows:

	Consolidated 2019 $	Consolidated 2018 $
Within 12 months	2,171,594	1,925,905

Note 17. Current liabilities - borrowings

	Consolidated 2019 $	Consolidated 2018 $
Loans	249,877	-

Refer to note 27 for further information on financial instruments.

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 18. Current liabilities - lease liabilities

	Consolidated 2019 $	Consolidated 2018 $
Lease liability	193,822	-

Refer to note 27 for further information on financial instruments.

Note 19. Current liabilities - derivative financial instruments

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

Refer to note 27 for further information on financial instruments.

Refer to note 28 for further information on fair value measurement.

Note 20. Current liabilities - provisions

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

Deferred lease incentives
The provision represents lease incentives received. The incentives are allocated to profit or loss in such a manner that the rent expense is recognised on a straight-line basis over the lease term.

The consolidated entity expects all annual leave entitlements to be taken within the next 12 months.

Movements in provisions
Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

Consolidated - 2019	Deferred lease incentives $
Carrying amount at the start of the year	217,086
Derecognise deferred lease incentive liability (AASB 117) on adoption of AASB 16	(217,086)
Carrying amount at the end of the year	-

Note 21. Current liabilities - other current liabilities

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

Note 22. Non-current liabilities - borrowings

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

Refer to note 27 for further information on financial instruments.

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 23. Non-current liabilities - deferred tax

	Consolidated 2019 $	Consolidated 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 8)	(269,035)	(216,539)
Other	-	(19,686)
Closing balance	360,899	629,934

Note 24. Equity - share capital

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

Note 24. 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 25. Equity - reserves

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

Note 25. 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.

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Foreign currency $	Share-based payments $	Total $
Balance at 1 January 2018	89,411	348,342	437,753
Foreign currency translation	(12,471)	-	(12,471)
Share-based payments	-	19,029	19,029
Balance at 31 December 2018	76,940	367,371	444,311
Foreign currency translation	(6,092)	-	(6,092)
Share-based payments	-	24,056	24,056
Balance at 31 December 2019	70,848	391,427	462,275

Note 26. Equity - dividends

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

Note 27. Financial instruments

Financial risk management objectives
The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity may use derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a regular basis.

Market risk

Foreign currency risk
The consolidated entity is not exposed to any significant foreign currency risk.

Price risk
The consolidated entity is not exposed to any significant price risk.

Interest rate risk
The consolidated entity is not exposed to any significant interest rate risk.

The consolidated entity's borrowings are subject to fixed interest rates.

Note 27. Financial instruments (continued)

Credit risk

The consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has adopted the policy of only dealing with creditworthy customers and inquiries into each customer's ability to satisfy the consideration prior to undertaking a sale as a means of mitigating the risk of financial loss from defaults. Furthermore, management consistently reviews aged receivable levels with a view to the collection of cash within the shortest possible time-frame.

The consolidated entity does not have any significant credit risk exposure to any single customer. The carrying amount of financial assets recorded in the statement of financial position, net of any allowances for losses, represents the consolidated entity's maximum exposure to credit risk.

Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

The consolidated entity has a non-recourse receivables facility in place, in which it can sell selected trade receivables and receives 80% of the invoiced value of those trade receivables in cash. The consolidated entity pays a service fee on this facility. The consolidated entity transfers substantially all of the risks and rewards to the financier which bears the collection risks without the right to receive payments from the consolidated entity in the event of any loss arising from the non-collectability of these receivables. The facility limit is $1,500,000 (2018: $1,500,000) for selected trade receivables of which $20,856 (2018: $26,000) was utilised as at 31 December 2019.

Financing arrangements

During the reporting period, the consolidated entity entered into a loan facility with MAM Group to fund its research and development grant for the period 1 July 2019 to 30 June 2020. The consolidated entity pays an undrawn service charge for this facility and drawdowns of the facility are every 4 months throughout the R&D tax financial period.

The facility limit is $640,000 (2018: $nil) of which $249,877 (2018: $nil) was utilised as at 31 December 2019.

Note 27. Financial instruments (continued)

Remaining contractual maturities
The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2019	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-	389,880	-	-	-	389,880
Other payables	-	308,118	-	-	-	308,118
Interest-bearing - fixed rate						
Other loans	15.00%	249,877	-	-	-	249,877
Convertible notes payable	10.00%	-	1,114,115	-	-	1,114,115
Lease liability	3.00%	193,822	-	-	-	193,822
Total non-derivatives		1,141,697	1,114,115	-	-	2,255,812
Derivatives						
Derivative - convertible loan notes	10.00%	136,630	-	-	-	136,630
Total derivatives		136,630	-	-	-	136,630

Consolidated - 2018	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-	354,006	-	-	-	354,006
Other payables	-	453,012	-	-	-	453,012
Total non-derivatives		807,018	-	-	-	807,018

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Note 28. Fair value measurement

Fair value hierarchy
The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

Consolidated - 2019	Level 1 $	Level 2 $	Level 3 $	Total $
Liabilities				
Derivative - convertible loan notes	-	-	136,630	136,630
Total liabilities	-	-	136,630	136,630

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities. The fair value is classified as level 3 due to the significant unobservable inputs used in the valuation, including own credit risk.

Valuation techniques for fair value measurements categorised within level 3
The derivatives have been valued using the binomial method.

Level 3 assets and liabilities
Movements in level 3 assets and liabilities during the current and previous financial year are set out below:

Consolidated	Derivative - convertible loan notes $	Total $
Balance at 1 January 2018	-	-
Balance at 31 December 2018	-	-
Additions	147,346	147,346
Fair value movement recognised in profit or loss	(10,716)	(10,716)
Balance at 31 December 2019	136,630	136,630

Note 29. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated 2019 $	Consolidated 2018 $
Short-term employee benefits	821,769	864,375
Post-employment benefits	45,250	44,950
Long-term benefits	11,771	20,460
Share-based payments	24,056	19,029
	902,846	948,814

In addition to the above, consultancy fees of $nil (2018: $9,375) were paid to non-executive directors and are included in payments for services from key management personnel as detailed in note 27.

Note 30. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Grant Thornton Audit Pty Ltd, the auditor of the company:

	Consolidated 2019 $	Consolidated 2018 $
Audit services - Grant Thornton Audit Pty Ltd		
Audit or review of the financial statements	127,500	107,700
Other services - Grant Thornton Audit Pty Ltd		
Tax compliance	79,755	50,500
Tax advisory services	25,700	30,310
	105,455	80,810
	232,955	188,510

Note 31. Contingent liabilities

The consolidated entity has a bank guarantee in place with St. George Bank which amounts to $124,000 (2018: $124,000).

Note 32. Commitments

	Consolidated 2019 $	Consolidated 2018 $
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	-	403,243
One to five years	-	203,244
	-	606,487

Note 33. Related party transactions

Parent entity
Tambla Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 35.

Key management personnel
Disclosures relating to key management personnel are set out in note 29 and the remuneration report included in the directors' report.

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated	
	2019	2018
	$	$
Payment for goods and services:		
Payment for services from key management personnel	18,336	27,578
Payment for other expenses:		
Interest paid to key management personnel	54,494	-

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	2019	2018
	$	$
Current payables:		
Trade payables to key management personnel	56,442	76,341

Loans to/from related parties
The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated	
	2019	2018
	$	$
Non-current borrowings:		
Convertible notes payable to entity with significant influence	900,000	-

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 34. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2019 $	2018 $
Profit/(loss) after income tax	12,185,632	(5,791,758)
Total comprehensive income	12,185,632	(5,791,758)

Statement of financial position

	Parent	
	2019 $	2018 $
Total current assets	3,149,582	4,930,753
Total assets	3,149,582	4,930,753
Total current liabilities	6,128,945	19,500,547
Total liabilities	8,486,173	22,494,527
Equity		
Share capital	38,303,277	38,286,177
Reserves	391,375	366,924
Accumulated losses	(44,031,243)	(56,216,875)
Total deficiency in equity	(5,336,591)	(17,563,774)

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
As at 31 December 2019 and 31 December 2018, the parent entity had entered into a non-recourse facilities guarantee.

Contingent liabilities
The parent entity had no contingent liabilities as at 31 December 2019 and 31 December 2018.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 31 December 2019 and 31 December 2018.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 35. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest 2019 %	Ownership interest 2018 %
Tambla NZ Limited	New Zealand	100.00%	100.00%
eTivity Solutions Pty Limited (a)	Australia	100.00%	100.00%
Microster Solutions Pty Ltd (b)	Australia	100.00%	100.00%
Salvus Solutions Pty Ltd (c)	Australia	100.00%	100.00%
Tambla International Limited	United Kingdom	100.00%	100.00%
Tambla Asia Sdn Bhd (d)	Malaysia	100.00%	100.00%
Rostima Limited (e)	United Kingdom	100.00%	100.00%

(a) eTivity Solutions Pty Limited was deregistered in July 2019
(b) Microster Solutions Pty Ltd was deregistered in July 2019
(c) Salvus Solutions Pty Ltd was deregistered in July 2019
(d) Tambla Asia Sdn Bhd was sold in July 2019
(e) Rostima Limited was deregistered in January 2019

Note 36. Reconciliation of loss after income tax to net cash from operating activities

	Consolidated 2019 $	Consolidated 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 37. Changes in liabilities arising from financing activities

Consolidated	Non-recourse receivables facility* $	Loans $	Convertible notes payable $	Lease liabilities $
Balance at 1 January 2018	18,741	-	-	-
Net cash from financing activities	7,289	-	-	-
Balance at 31 December 2018	26,030	-	-	-
Net cash from/(used in) financing activities	(5,174)	249,877	1,250,000	(369,079)
Recognition of leases on adoption of AASB 16 'Leases'	-	-	-	562,901
Changes in carrying amount of convertible notes	-	-	(135,885)	-
Balance at 31 December 2019	20,856	249,877	1,114,115	193,822

* included in other payables

Note 38. Earnings per share

	Consolidated 2019 $	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
	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 39. Share-based payments

The following incentive plans have been established by the consolidated entity and approved by shareholders at a general meeting held on 7 May 2018:

- Employee share option plan (option plan) under which eligible employees may be offered the opportunity to be granted options; and
- Employee performance rights plan (performance rights plan) under which eligible employees may be offered the opportunity to be granted performance rights.

An eligible employee includes a director, senior executive or employee of the consolidated entity or an associated body corporate of the consolidated entity.

Note 39. Share-based payments (continued)

The plans are designed to provide incentives to eligible employees and to recognise their contribution to the consolidated entity's success, whilst being cost effective and efficient to it. The design of the plans encourage: (i) continued improvement in performance over time and (ii) personnel to acquire and retain share within the company.

The Board may, in its absolute discretion, invite an eligible employee to participate in the option plan or performance right plan. Prior shareholder approval is required before a director or related party of the company can participate in an issue of options under the option plan or an issue of performance rights under the performance rights plan.

Performance and vesting conditions
When granting options/performance rights, the Board may make their vesting conditional on the satisfaction of a performance condition within a specified period. The Board may at any time waive or change a performance condition or performance period in accordance with the option/performance rights plan rules if the Board (acting reasonably) considers it appropriate to do so.

The options/performance rights will vest following satisfaction of the performance conditions or such other date as determined by the Board in its discretion. Subject to the option/performance rights plan rules, the Board may declare that all or a specified number of any unvested options/performance rights granted to a participant which have not lapsed immediately vest if, in the opinion of the Board a change of control in relation to the company has occurred, or is likely to occur, having regard to the participant's pro rata performance in relation to the applicable performance conditions up to that date.

Subject to the option/performance rights plan rules, the Board may in its absolute discretion, declare the vesting of an option/performance right where the company is wound up or passes a resolution to dispose of its main undertaking. If there is any internal reconstruction or acquisition of the company which does not involve a significant change in the identity of the ultimate shareholders of the company, the Board may declare in its sole discretion whether and to what extent options/performance rights, which have not vested by the day the reconstruction takes place, will vest.

The share-based payment expense during the financial year for performance rights issued amounted to $52,823 (2018: $19,029). There was no expense recognised in relation to any share options during the year ended 31 December 2019 (2018: $nil).

Set out below are summaries of options granted under the option plan:

2019

Grant date	Expiry date	Exercise price**	Balance at the start of the year	Consolidation of options 50 to 1*	Exercised	Expired	Balance at the end of the year
03/05/2013	30/06/2019	$0.500	2,000,000	(1,960,000)	-	(40,000)	-
20/06/2013	30/06/2019	$1.000	2,000,000	(1,960,000)	-	(40,000)	-
02/07/2013	30/06/2019	$0.500	3,000,000	(2,940,000)	-	(60,000)	-
01/10/2015	30/09/2019	$1.500	7,565,380	(7,414,072)	-	(151,308)	-
31/12/2015	31/12/2019	$1.500	4,000,000	(3,920,000)	-	(80,000)	-
01/07/2016	30/06/2022	$1.500	5,000,000	(4,900,000)	-	-	100,000
			23,565,380	(23,094,072)	-	(371,308)	100,000
Weighted average exercise price			$1.250	$1.250	$0.000	$1.180	$1.500

* On 22 May 2019, the company underwent a share reorganisation whereby the ordinary shares, options and performance rights on issue were consolidated based on a ratio of 50:1.
** The exercise price has been updated to reflect the share reorganisation detailed above.

Note 39. Share-based payments (continued)

2018

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired	Balance at the end of the year
03/05/2013	30/06/2019	$0.010	2,000,000	-	-	-	2,000,000
20/06/2013	30/06/2019	$0.020	2,000,000	-	-	-	2,000,000
02/07/2013	30/06/2019	$0.010	3,000,000	-	-	-	3,000,000
22/12/2014	18/11/2018	$0.040	30,000,000	-	-	(30,000,000)	-
01/10/2015	30/09/2019	$0.030	7,565,380	-	-	-	7,565,380
31/12/2015	31/12/2019	$0.030	4,000,000	-	-	-	4,000,000
01/07/2016	30/06/2022	$0.030	5,000,000	-	-	-	5,000,000
			53,565,380	-	-	(30,000,000)	23,565,380
Weighted average exercise price			$0.033	$0.000	$0.000	$0.040	$0.025

Set out below are the options vested and exercisable at the end of the financial year:

Grant date	Expiry date	2019 Number	2018 Number
03/05/2013	30/06/2019	-	2,000,000
20/06/2013	30/06/2019	-	2,000,000
02/07/2013	30/06/2019	-	3,000,000
01/10/2015	30/09/2019	-	7,565,380
31/12/2015	31/12/2019	-	4,000,000
01/07/2016	30/06/2022	100,000	3,750,000
		100,000	22,315,380

The weighted average share price during the financial year was $0.47 (2018: $0.53).

The weighted average remaining contractual life of options outstanding at the end of the financial year was 2 years (2018: 1.3 years).

Set out below are summaries of performance rights granted under the performance rights plan:

2019

Grant date	Expiry date	Exercise price	Balance at the start of the year	Consolidation of performance rights 50 to 1*	Exercised	Forfeited	Balance at the end of the year
20/02/2018	31/12/2022	$0.000	6,000,000	(5,880,000)	-	-	120,000
20/02/2018	31/12/2023	$0.000	6,000,000	(5,880,000)	-	-	120,000
20/02/2018	31/12/2024	$0.000	6,000,000	(5,880,000)	-	-	120,000
20/02/2018	30/06/2023	$0.000	6,000,000	(5,880,000)	-	-	120,000
20/02/2018	31/12/2023	$0.000	5,000,000	(4,900,000)	-	-	100,000
20/02/2018	31/12/2023	$0.000	5,000,000	(4,900,000)	-	-	100,000
			34,000,000	(33,320,000)	-	-	680,000

* On 22 May 2019, the company underwent a share reorganisation whereby the ordinary shares, options and performance rights on issue were consolidated based on a ratio of 50:1.

Note 39. Share-based payments (continued)

2018

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Forfeited	Balance at the end of the year
20/02/2018	31/12/2022	$0.000	-	6,000,000	-	-	6,000,000
20/02/2018	31/12/2023	$0.000	-	6,000,000	-	-	6,000,000
20/02/2018	31/12/2024	$0.000	-	6,000,000	-	-	6,000,000
20/02/2018	30/06/2023	$0.000	-	6,000,000	-	-	6,000,000
20/02/2018	31/12/2023	$0.000	-	5,000,000	-	-	5,000,000
20/02/2018	31/12/2023	$0.000	-	5,000,000	-	-	5,000,000
			-	34,000,000	-	-	34,000,000

No performance rights are exercisable at 31 December 2019.

The weighted average remaining contractual life of performance rights outstanding at the end of the financial year was 3.9 years (2018: 4.8 years).

Note 40. Events after the reporting period

Subsequent to the reporting date, the existence of the infectious disease COVID-19 ('Coronavirus') has become widely known, and begun to rapidly spread throughout the world, including Australia. The consolidated entity considers this to be a non-adjusting event after the reporting date. Since the reporting date this has caused increasing disruption to populations, and to business and economic activity. As this situation is rapidly developing, it is not yet practicable to estimate the potential impact this may have on the consolidated entity.

The consolidated entity has signed a Convertible Note Deed poll with subscription amounts totalling $1,525,000.

The consolidated entity has submitted a formal application for the removal of Tambla from the Australian Securities Exchange Official List pursuant to ASX Listing Rule 17.11.

No other 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.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the financial year ended on that date; and

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

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Niall Cairns
Non-Executive Chairman

Phillip Carter
Non-Executive Director

26 March 2020
Sydney

Grant Thornton

Level 17, 383 Kent Street
Sydney NSW 2000

Correspondence to:
Locked Bag Q800
QVB Post Office
Sydney NSW 1230

T +61 2 8297 2400
F +61 2 9299 4445
E info.nsw@au.gt.com
W www.grantthornton.com.au

Independent Auditor's Report

To the Members of Tambla Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Tambla Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated 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 31 December 2019 and of its performance for the year ended on that date; 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 2 in the financial statements, which indicates that the Group incurred a net loss after tax of $655,196 during the year ended 31 December 2019, and as of that date, the Group's current liabilities exceeded its current assets by $2,836,596. As stated in Note 2, these events or conditions, along with the continued uncertainty surrounding the COVID-19 coronavirus and the potential impact on forecast future revenues, indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Grant Thornton

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.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition **Note 2 and Note 5**	
Revenue has a recorded value at 31 December 2019 of $8,853,973. The process to measure the amount of revenue to recognise in the financial statements, including the determination of the appropriate timing of recognition, involves significant management judgement. This area is a key audit matter given the management judgement involved in developing and applying appropriate accounting policies that comply with accounting standards and in determining the timing of amounts to be recognised as revenue.	Our procedures included, amongst others: • assessing the revenue recognition policies for appropriateness and compliance with AASB 15 *Revenues from Contracts with Customers*; • selecting key controls in the revenue recognition process and testing their operating effectiveness. We have reviewed controls to evaluate: – appropriate timesheet approvals – appropriate contract approvals – alignment of invoices with sales contract terms and time recorded on timesheets; • performing a trend analysis for revenue disaggregated by month and revenue streams; • performing detailed testing of a sample of contracts for compliance with the terms and recognition in the appropriate period; • reviewing the work in progress and unearned income schedules against the corresponding sales contracts and other supporting documentation; and • assessing the adequacy of disclosures in the financial statements.
Capitalised development costs **Note 2 and Note 14**	
During the current financial year the Group capitalised $2,083,755 of costs related to the development of its Microster, eTivity and Salvus platforms. AASB 138 *Intangible Assets* sets out specific criteria to be met in order to capitalise development costs. The Group's processes for calculating the value of internally developed software involves judgement as it includes estimating the time which staff spend developing software and determining the value attributable to that time.	Our procedures included, amongst others: • inquiring of management the nature of the costs incurred to ensure that the capitalised expenditure meets the definition of an intangible asset per AASB 138; • agreeing a sample of internal salary costs and external contractor invoices capitalised to supporting documentation and assessing those amounts against the recognition criteria of AASB 138; • assessing the amortisation rates applied to the capitalised development costs and determining whether these are being amortised on a reasonable basis and in line with the Group's amortisation policy; • reviewing the capitalised costs for indicators of impairment with reference to consideration of impairment indicators set out within AASB 136 *Impairment of Assets;* and • evaluating the adequacy of the accounting policy and disclosures made in the Group's financial statements in respect of capitalised development costs.

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 31 December 2019, but does not include the financial report and our auditor's report thereon.

Grant Thornton

Our opinion on the financial report does not cover the other information and 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 Group's ability 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 the 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in the Directors' report for the year ended 31 December 2019.

In our opinion, the Remuneration Report of Tambla Limited, for the year ended 31 December 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.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

M Leivesley

M R Leivesley
Partner – Audit & Assurance

Sydney, 26 March 2020

The shareholder information set out below was applicable as at 23 March 2020.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares	Number of holders of options over ordinary shares
1 to 1,000	4,987	-
1,001 to 5,000	182,500	-
5,001 to 10,000	206,121	4
10,001 to 100,000	3,564,472	-
100,001 and over	15,848,232	1
	19,806,312	5
Holding less than a marketable parcel	86	-

Equity security holders

Twenty largest quoted equity security holders
The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
Kestrel Growth Companies Ltd	3,352,415	16.91
Carnethy Evergreen Pty Ltd (Carnethy Evergreen Fund A/C)	2,921,407	14.74
Mr Stephen Francis Rattray & Mrs Peta Michelle Rattray (Stepeta Super Fund A/C)	928,001	4.68
Mr John Charles Plummer	861,677	4.35
Dixson Trust Pty Limited	759,823	3.83
J P Morgan Nominees Australia Pty Limited	676,180	3.41
Vanward Investments Limited (Equities A/C)	600,000	3.03
Perle Ventures Pty Ltd (Pv Investments 3 A/C)	500,000	2.52
DMX Capital Partners Limited	450,000	2.27
Compost Investments Pty Ltd (Compost Investments Unit AC)	375,799	1.90
Convergent Technology Consulting Pty Ltd (Convergent Family A/C)	375,000	1.89
Mr David Edgley & Mrs Louise Edgley	362,430	1.83
DBS Vickers Securities (Singapore) Pte Ltd (Client Account)	285,715	1.44
Gumbalie Pty Ltd	250,000	1.26
Coralco Pty Ltd	240,000	1.21
Edgley Pty Ltd (Tedcorp Super Fund A/C)	239,340	1.21
Mr Brian Leonard Vidler (Wattle Ins P/L Super A/C)	200,000	1.01
Gumbalie Pty Ltd (Short Term Trading A/C)	193,000	0.97
DL & CB Super Pty Ltd (DL + CB Wealth Fund A/C)	192,568	0.97
Calama Holdings Pty Ltd (Mambat Super Fund A/C)	164,858	0.83
	13,928,213	70.26

Unquoted equity securities

	Number on issue	Number of holders
Options	100,000	4
Performance rights	680,000	1

The following persons hold 20% or more of unquoted equity securities:

Name	Class	Number held
Chris Fydler	Performance rights over ordinary shares	680,000

Substantial holders
Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Kestrel Growth Companies Ltd	6,352,729	32.05
Mr John Charles Plummer	1,011,677	5.10
DMX Asset Management Ltd	1,000,000	5.05

Voting rights
The voting rights attached to ordinary shares are set out below:

Ordinary shares
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.

There are no other classes of equity securities.