



# **Access Innovation Holdings Limited**

**(Formerly known as Access Innovations Holdings Pty Ltd)**

**ABN 12 122 058 708**

**Annual Report (Reissued) - 30 June 2019**



Directors' report	2
Auditor's independence declaration	8
Statement of profit or loss and other comprehensive income	9
Statement of financial position	10
Statement of changes in equity	11
Statement of cash flows	12
Notes to the financial statements	13
Directors' declaration	42
Independent auditor's report to the members of Access Innovation Holdings Limited	43

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Access Innovation Holdings Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2019.

The annual report, which includes this directors' report, has been reissued and therefore supersedes the annual report for the year ended 30 June 2019 that was previously issued on 28 October 2019.

### **Directors**

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

Anthony Abrahams  
 Deanne Weir  
 John Martin  
 Alison Loat  
 Jonathan Pearce (appointed on 21 January 2020)

### **Principal activities**

Ai-Media delivers fast accurate speech-to-text services, and related analytics.

#### *Broadcast*

Since 2004, Ai-Media has provided closed captioning to the Australian broadcast industry.

#### *Non-broadcast*

Ai-Media provides live and offline captioning, transcription and audio description services for the education, corporate and government markets. In 2017, Ai-Media began providing captioning on Facebook Live. Ai-Media's application to use captioning data to improve teacher performance is branded "Visible Classroom".

### **Dividends**

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

### **Review of operations**

The loss for the Group after providing for income tax amounted to \$3,874,256 (30 June 2018: \$447,988).

A summary of the results for the year is as follows:

	<b>2019</b>	<b>2018</b>	<b>Change</b>	<b>Change</b>
	<b>\$</b>	<b>(Restated)</b>	<b>\$</b>	<b>%</b>
		<b>\$</b>		
Revenue from operating activities	18,339,127	16,078,623	2,260,504	14.1%
Profit/(loss) after tax	(3,874,256)	(447,988)	(3,426,268)	764.8%
Profit/(loss) after tax from ordinary activities	(3,874,256)	(447,988)	(3,426,268)	764.8%

FY19 has been a strong year of revenue growth and operational cost efficiency savings across all regions.

Full year revenue for FY19 grew \$2,260,504 or 14.1% YoY to \$18,339,127 with growth accelerating throughout the year on a trend set to continue through FY20.

The growth over the last year has been built upon several important factors including:

- new key customer acquisitions particularly in North America and Europe, Middle East (EMEA) and Asia;
- launch of new products and rollout of new cloud-based technology platforms to underpin products and customer integrations; and
- reducing cost of sales.

Operating EBITDA was a loss of (\$2,811,799) due to continuous investment in management talent, new product development and geographic expansion.

FY19 performance was driven by:

- long-term contracted broadcast revenue which continues to provide secure and stable cash flow for the business;
- 95% retention on key customer accounts (>\$25k annual spend); and
- non-broadcast revenue is up 44% YoY, with sales outside of Australia more than doubling in FY19.

Moving forward, a strong pipeline of broadcast opportunities in Asia, North America, Europe and the Middle East is being actively pursued – with a focus on multilingual localisation services, in addition to our core live and recorded English language products.

### Technology and Product Suite

The Group's technology rollout on the new Enterprise Architecture is delivering a series of microservices which breaks traditional processes and workflows into discrete and malleable components, that can be combined easily to deliver new products quickly.

Importantly, the Group now has a full spectrum of products across all price-points, from fully automated to broadcast quality.

The Group's focus is on using technology to reduce the time and cost taken to produce accurate captions and subtitles, in multiple languages. The Group's proprietary ASR improvement solution is at the core of the scalable global expansion, building on improving the accuracy and fit for purpose of multiple ASR engines combined with reducing costs.

### Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial year.

### Matters subsequent to the end of the financial year

#### Convertible Notes

Subsequent to the end of the financial year, the Company raised \$10,330,000 in cash proceeds from entering into various convertible note subscription agreements ('debt notes') between 13 December 2019 and 25 June 2020. The terms of repayment of the debt notes issued is either full repayment of principal and interest, accrued daily at a coupon rate of 8% per annum, on the 30 June 2021, or earlier if there is a liquidity event. In the event there is a liquidity event earlier than 30 June 2021, the value of the debt note at the liquidity event date is converted into ordinary shares with a discount price range. As the number of shares on conversion is variable, the entire financial instrument will be classified as financial liabilities.

#### Novel Coronavirus (COVID-19)

The Novel Coronavirus ('COVID-19') was declared a pandemic in March 2020 by the World Health Organisation ('WHO'). Subsequent to the end of Calendar 2019 year, there have been considerable economic impacts in Australia and globally arising from the outbreak of COVID-19 and Government action to reduce the spread of the virus. The outbreak of COVID-19 and the subsequent quarantine measures imposed by the Australian and other governments as well as the travel and trade restrictions imposed by Australia and other countries in early 2020 have caused disruption to businesses and economic activity. The Group considers this to be a non-adjusting post balance date event.

Thus far, COVID-19 has had little impact on the operations of the Group and its core operations located in Australia, US and Canada, Europe and Asia. Some work has been impacted due to sporting and event cancellations but this has been compensated for by an upturn in new opportunities across enterprise, corporate and government. At present, the Group continues to operate effectively with business as usual.

As the operations of the Group's customers, suppliers and associates are located primarily in Australia, US & Canada, Europe and Asia, the outbreak of COVID-19 is expected to have a negative impact on these entities. This may in turn negatively affect the recoverability of the Group's investments, as well as financial assets such as debtors that are subject to impairment or ECL assessments as appropriate.

The Group's primary sales channels are broadcasters and Enterprise clients. So far, there has been little disruption to the sales channels. This could change if COVID-19 is not brought under control in the medium term.

The Group has no external debt and as at 30 June 2020 had in excess of \$2,400,000 of cash available to the Group. Management believe this is sufficient cash to ride out the effects of COVID-19 even if the related restrictions remain in force for an extended period of time.

As the situation remains fluid, due to continuing changes in government policy and evolving business and customer reactions thereto, as at the date these financial statements are authorised for issue, the directors of the Company consider that the financial effects of COVID-19 on the Group's operations and therefore operating results cannot be reasonably estimated.

The directors do not consider the impact to likely compromise the ability of the Group to continue operating for the foreseeable future. No economic impacts resulting from COVID-19 have been included in the financial results for the year ended 30 June 2019.

### **Acquisition of ACS and PostCAP**

On 1 May 2020, the Group acquired 100% of the share capital of Alternative Communication Services LLC ('ACS') and PostCAP LLC. The acquisition will be funded by a combination of cash, equity and deferred consideration. The cash component will be met with existing funds raised through the issue of convertible notes. The acquisition of this highly regarded US captioning services company will complement the Group's breakout organic sales growth in the North American market, delivering long term customers, local knowledge and an expanded workforce.

### **Company's planned liquidity event**

The Company is advanced in its plans to raise capital to support its business plans, by conducting an Initial Public Offering ("IPO") on the Australian Stock Exchange ("ASX"). The IPO is scheduled to take place in calendar year 2020.

### **Shareholder Loans**

Subsequent to the end of the financial year, the Company received an additional \$1,615,617 loan from the shareholders to be used for the purposes of working capital. The loan from shareholders are interest bearing and maturing on the earlier of 45 days post IPO ASX Listing Date or within 5 business days after 31 December 2021 (\$1,615,617) and 31 December 2022 (\$800,000). Interest is payable at the rate of 12% per annum.

The Company is currently planning for an Initial Public Offering (IPO) of its securities on the Australian Stock Exchange in the final quarter of calendar 2020. Repayment of Shareholder Loans, inclusive of accrued interest, is required upon completion of such a liquidity event. It is expected that Shareholder loans would be settled out of IPO proceeds at the time of listing.

No other matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

### **Likely developments and expected results of operations**

Information on likely developments in the operations of the Group and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the Group.

### **Environmental regulation**

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

### **Information on directors**

Name:	Anthony Abrahams
Title:	Director, Co-Founder and CEO
Qualifications:	BCom (Hons), LLB (UNSW), MPhil, MBA (Oxford)
Experience and expertise:	Tony co-founded Ai-Media in 2003. Tony served as a Director of Northcott Disability Services from 2010 to 2018, and was recognised by the World Economic Forum as a Young Global Leader in 2013. He has been a member of the Australian Institute of Company Directors since 2006. In previous roles, Tony led the project team to establish the Oxford Internet Institute in 2001 and he was a principal trader with Rubicon Partners. He also taught economics and accounting at the University of Oxford, the University of New South Wales, and Guangzhou University. Tony received an MBA (2001) and MPhil in Economics (2000) from the University of Oxford, which he attended as a Rhodes Scholar. He also received an LLB (1998) and BCom (Hons I) (1996) from the University of New South Wales, where he was awarded the University Medal in Accounting and served as Editor of the UNSW Law Journal. In 2013 Tony was recognised by the World Economic Forum as a Young Global Leader.
Special responsibilities:	Member of Cybersecurity Committee

Name:	Deanne Weir
Title:	Non-Executive Director and Chair
Qualifications:	BA(Hons) LLB(Hons) LLM
Experience and expertise:	Deanne Weir joined the Board in 2010 and is a former media lawyer and executive turned producer, investor and company director. Drawing insight from a distinguished corporate career including legal and senior executive roles at Telstra, Austar and Foxtel, Deanne now works across the screen industry and the social sector. Deanne's company WeirAnderson.com invests in entrepreneurs and storytellers to help them change the world. In addition to her role as Chair of Ai-Media, Deanne is Chair of Hoodlum, an Emmy and BAFTA award winning television production company, and Seer Data & Analytics, a technology start-up helping the social sector make better decisions through the use of data and insights. Deanne plays an active role in the screen sector both as an investor in screen stories and in board and advisory roles, including as Chair of the Sydney Film Festival.

Deanne is active in the community sector with The WeirAnderson Foundation and is an active board member in the sector, as Chair of The Grata Fund and also Global Sisters. In January 2019, Deanne became a Trustee of The Asia Foundation.

Name:	John Martin
Title:	Non-Executive Director
Qualifications:	BA LLB (Hons) MAICD
Experience and expertise:	John has over 25 years experience as a director, business executive and corporate lawyer who joined the board in 2010 and served as the company's first Chairman. He specialises in entrepreneurship, business development and commercial negotiations, fundraising, M&A, corporate advisory, governance, communications and leadership.

John is a former corporate and executive partner of the law firm Allens and has held roles as chair, director and CEO of private and ASX listed emerging technology and high growth companies including CEO of Babcock and Brown Communities Group and biotech company, Regeneus. He is a non-executive director of investment company, Concentrated Leaders Fund; national law firm, Sparke Helmore; WiFi technology company, Lokket; and biotech company, Biopoint.

Name: Alison Loat  
Title: Non-Executive Director  
Qualifications: BAH, Queen's University, Kingston Canada (1999)  
MPP, Harvard Kennedy School (2004)  
Experience and expertise: Alison is an entrepreneur, public policy leader and management consultant who joined the Board in 2018. She is also the senior managing director of FCLTGlobal, an organization that develops practical approaches to encourage long-term behaviors in business and investing. She is also a founding board director of The Logic, a digital media company that reports on technology and innovation.

She has a deep commitment to public service. She co-founded and was the first CEO of the Samara Centre for Democracy, a charity that works to improve democracy in Canada and was a senior fellow and instructor at the University of Toronto for over a decade. She served on the Premier of Ontario's Highly Skilled Workforce Expert Panel, as the president of the Canadian Club of Toronto, vice-president of the Banff Forum board, and as a director of the Toronto Foundation. She is also the co-author of the #1 best-selling book Tragedy in the Commons: Former MPs Speak Out About Canada's Failing Democracy.

Alison's career began at McKinsey & Company, where she focused on healthcare and financial services. She also worked with Commonwealth Pension Services, where she set-up a retirement income plan for Canadian charitable sector workers, and held several leadership roles in the healthcare sector, including as the CMO of a Boston-based healthcare technology company and on the founding team of MaRS in Toronto.

Alison is currently a World Economic Forum Young Global Leader, where she serves on the program's Advisory Board, an Advisory Board member at the WealtheSimple Foundation and at McGill University's Max Bell School of Public Policy and is a governor of Ridley College.

She received both the Queen's Gold and Diamond Jubilee Medals for her service to Canada and was named one of the WXN 100 Most Powerful Women in Canada. She has degrees from Queen's University and the Harvard Kennedy School and has awards for her public service leadership.

Name: Jonathan Pearce (appointed on 21 January 2020)  
Title: Non-Executive Director  
Qualifications: BFin, Australian National University  
Experience and expertise: Jonathan has significant experience in the finance industry where he has held senior roles in a number of boutique investment and advisory houses. He is a portfolio manager of the CVC Emerging Companies Fund and focuses primarily on corporate finance and advisory for small mid-cap companies listed on the ASX.

### Company secretary

Name: Suzanne Sanossian  
Title: Company Secretary  
Experience and expertise: Sue is responsible for assisting the Board and company in meeting its fiduciary, compliance and corporate governance obligations, providing support in relation to risk, procurement and contract management issues. She has held the role of Company Secretary since October 2011.

### Meetings of directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2019, and the number of meetings attended by each director were:

	Full Board Attended	Held
Anthony Abrahams	11	11
Deanne Weir	11	11
John Martin	10	11
Alison Loat	10	11
Jonathan Pearce	-	-

Held: represents the number of meetings held during the time the director held office.

### 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.

### 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

Deloitte 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

*Tony Abrahams*

Tony Abrahams (Jul 24, 2020 21:46 GMT+10)

Anthony Abrahams  
Director  
Jul 24, 2020

28 July 2020

The Board of Directors  
Access Innovation Holdings Limited  
Level 1, 103 Miller Street  
North Sydney NSW 2060  
Australia

Dear Board Members

### **Access Innovation Holdings Limited**

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Access Innovation Holdings Limited.

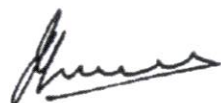
As lead audit partner for the audit of the financial report of Access Innovation Holdings Limited for the year ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

*Deloitte Touche Tohmatsu*

DELOITTE TOUCHE TOHMATSU



Joshua Tanchel  
Partner  
Chartered Accountants

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms, and their related entities (collectively, the "Deloitte organisation"). DTTL (also referred to as "Deloitte Global") and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see [www.deloitte.com/about](http://www.deloitte.com/about) to learn more.

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Asia Pacific Limited and the Deloitte organisation.

Access Innovation Holdings Limited  
(Formerly known as Access Innovations Holdings Pty Ltd)  
Statement of profit or loss and other comprehensive income  
For the year ended 30 June 2019



		<b>Consolidated</b>	
		<b>2019</b>	<b>2018</b>
	<b>Note</b>	<b>\$</b>	<b>(Restated)</b>
			<b>\$</b>
<b>Revenue</b>			
	5	18,339,127	16,078,623
Other income	6	103,928	264,670
Interest revenue calculated using the effective interest method	2	119,263	-
<b>Expenses</b>			
Cost of sales		(9,417,108)	(8,107,372)
Employee benefits expense		(6,532,263)	(4,581,320)
Depreciation and amortisation expense		(1,364,758)	(993,155)
Impairment of assets		(1,055)	-
Business development costs		(1,272,882)	(788,813)
Networking and information technology costs		(1,006,116)	(973,533)
Other employment costs		(466,595)	(164,900)
Office expenses		(739,412)	(759,114)
Other expenses		(1,938,686)	(1,179,217)
Finance costs	7	(351,211)	(138,848)
<b>Loss before income tax benefit</b>		(4,527,768)	(1,342,979)
Income tax benefit	8	653,512	894,991
<b>Loss after income tax benefit for the year attributable to the owners of Access Innovation Holdings Limited</b>		(3,874,256)	(447,988)
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		4,110	20,991
Other comprehensive income for the year, net of tax		4,110	20,991
<b>Total comprehensive income for the year attributable to the owners of Access Innovation Holdings Limited</b>		(3,870,146)	(426,997)

Refer to note 4 for detailed information on Restatement of comparatives.

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

			Consolidated 2018 (Restated)
	Note	2019 \$	2018 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	9	1,436,682	5,595,451
Trade and other receivables	10	3,646,605	2,787,331
Contract assets		201,797	-
Investments	11	272,076	-
Income tax refund due	8	495,609	1,289
Total current assets		<u>6,052,769</u>	<u>8,384,071</u>
<b>Non-current assets</b>			
Property, plant and equipment	12	1,309,177	1,309,395
Intangibles	13	3,068,078	1,986,761
Deferred tax	8	266,311	503,263
Total non-current assets		<u>4,643,566</u>	<u>3,799,419</u>
<b>Total assets</b>		<u>10,696,335</u>	<u>12,183,490</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	14	2,253,010	1,614,963
Contract liabilities and deferred revenue	15	153,856	59,761
Borrowings	16	1,040,657	230,497
Income tax	8	-	870,240
Employee benefits		766,918	455,408
Provisions	17	1,379,908	1,381,460
Total current liabilities		<u>5,594,349</u>	<u>4,612,329</u>
<b>Non-current liabilities</b>			
Trade and other payables	18	469,917	278,684
Borrowings	19	1,228,262	841,743
Employee benefits		402,728	279,522
Provisions	20	265,352	-
Income tax		-	392,663
Total non-current liabilities		<u>2,366,259</u>	<u>1,792,612</u>
<b>Total liabilities</b>		<u>7,960,608</u>	<u>6,404,941</u>
<b>Net assets</b>		<u>2,735,727</u>	<u>5,778,549</u>
<b>Equity</b>			
Issued capital	21	8,980,031	8,980,031
Reserves	22	7,432,641	6,601,207
Accumulated losses		(13,676,945)	(9,802,689)
<b>Total equity</b>		<u>2,735,727</u>	<u>5,778,549</u>

Refer to note 4 for detailed information on Restatement of comparatives.

Access Innovation Holdings Limited  
(Formerly known as Access Innovations Holdings Pty Ltd)  
Statement of changes in equity  
For the year ended 30 June 2019



**Consolidated**

	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2017	8,980,031	8,070,036	(10,720,899)	6,329,168
Restatement of comparatives (note 4)	-	(2,003,120)	1,366,198	(636,922)
Balance at 1 July 2017 - restated	8,980,031	6,066,916	(9,354,701)	5,692,246
Loss after income tax benefit for the year	-	-	(447,988)	(447,988)
Other comprehensive income for the year, net of tax	-	20,991	-	20,991
Total comprehensive income for the year	-	20,991	(447,988)	(426,997)
Transactions with owners in their capacity as owners: Share-based payments (note 32)	-	513,300	-	513,300
Balance at 30 June 2018	8,980,031	6,601,207	(9,802,689)	5,778,549

Refer to note 4 for detailed information on Restatement of comparatives.

**Consolidated**

	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2018	8,980,031	6,601,207	(9,802,689)	5,778,549
Loss after income tax benefit for the year	-	-	(3,874,256)	(3,874,256)
Other comprehensive income for the year, net of tax	-	4,110	-	4,110
Total comprehensive income for the year	-	4,110	(3,874,256)	(3,870,146)
Transactions with owners in their capacity as owners: Share-based payments (note 32)	-	827,324	-	827,324
Balance at 30 June 2019	8,980,031	7,432,641	(13,676,945)	2,735,727

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

Access Innovation Holdings Limited  
(Formerly known as Access Innovations Holdings Pty Ltd)  
Statement of cash flows  
For the year ended 30 June 2019



		Consolidated	
		2019	2018
	Note	\$	(Restated) \$
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		18,950,431	18,427,238
Payments to suppliers and employees (inclusive of GST)		(20,783,788)	(17,017,534)
Interest received		(1,833,357)	1,409,704
Other revenue		119,263	145,613
Interest and other finance costs paid		103,928	90,156
Income taxes paid		(159,978)	(138,848)
		(866,759)	(554,561)
Net cash from/(used in) operating activities		(2,636,903)	952,064
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment	12	(561,516)	(798,447)
Payments for intangibles	13	(1,882,806)	(1,007,560)
Payments for security deposits		(4,722)	-
Payments for term deposits		(272,076)	-
Net cash used in investing activities		(2,721,120)	(1,806,007)
<b>Cash flows from financing activities</b>			
Proceeds from/(repayment of) lease liabilities		432,168	(69,181)
Net cash (used in)/from financing activities		432,168	(69,181)
Net decrease in cash and cash equivalents		(4,925,855)	(923,124)
Cash and cash equivalents at the beginning of the financial year		5,595,451	6,501,979
Effects of exchange rate changes on cash and cash equivalents		2,575	16,596
Cash and cash equivalents at the end of the financial year	9	672,171	5,595,451

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

## Note 1. General information

The financial statements cover Access Innovation Holdings Limited as a group consisting of Access Innovation Holdings Limited ('Company' or 'parent entity') and the entities it controlled at the end of, or during, the year (referred to in these financial statements as the 'Group'). The financial statements are presented in Australian dollars, which is Access Innovation Holdings Limited's functional and presentation currency.

Access Innovation Holdings Limited is an unlisted public company limited by shares.

The financial statements have been reissued to restate the comparatives in relation to share based payments (as explained in note 4) and therefore supersede the financial statements for the year ended 30 June 2019 that were previously reissued on 25 June 2020.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 24 July 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 Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

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 Group:

### AASB 9 Financial Instruments

The Group has adopted AASB 9 from 1 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

## Note 2. Significant accounting policies (continued)

### AASB 15 Revenue from Contracts with Customers

The Group has adopted AASB 15 from 1 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

### Impact of adoption

AASB 9 and AASB 15 were adopted using the modified retrospective approach and as such comparatives have not been restated.

The impact of the new Accounting Standards compared with the previous Accounting Standards on the current reporting period is as follows:

	New accounting standards \$ (as reissued)	Previous accounting standards \$	Change \$
<b>Statement of profit or loss</b>			
Other income	103,928	223,191	(119,263)
Interest revenue calculated using the effective interest method	119,263	-	119,263
Loss before income tax benefit	(4,527,768)	(4,527,768)	-
Income tax benefit	653,512	653,512	-
Loss after income tax benefit	(3,874,256)	(3,874,256)	-
	New accounting standards \$ (as reissued)	Previous accounting standards \$	Change \$
<b>Statement of financial position</b>			
Trade and other receivables	3,646,605	3,848,402	(201,797)
Contract assets	201,797	-	201,797
Net assets	2,735,727	2,735,727	-

## Note 2. Significant accounting policies (continued)

### Going concern

The financial report has been prepared on the going concern basis which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business and assumes the Group will have sufficient cash resources to pay its debts as and when they become due and payable for at least 12 months from the date of signing the financial report.

The Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2019 reflects a net loss after income tax of \$3,874,256 (2018: \$447,988) and the Statement of Cash Flows reflects net cash outflows from operating activities of \$2,636,903 (2018: \$952,064 net cash inflows). As at 30 June 2019, the Statement of Financial Position reflects a net asset position of \$2,735,727 (2018: \$5,778,549) and a net current asset position of \$458,420 (2018: \$3,771,742). The increase in losses and net cash outflows from operating activities in the current year are a result of the strategic decision taken by the Group to accelerate its expansion to take advantage of the global market growth opportunity.

The Company is well progressed in its process of an Initial Public Offering ("IPO") on the Australian Securities Exchange in Calendar 2020. Assuming a successful IPO the Convertible Notes will convert into ordinary shares and the Company will have raised a significant amount of capital to pursue its strategic global growth objectives. If the IPO does not proceed, the Company will be required to raise additional capital or debt funding and will require the support from its Convertible Noteholders to extend the redemption date beyond 30 June 2021 to allow for further fundraising to occur.

In the opinion of the directors the ability of the Group to continue as going concern is dependent on the following factors:

- Successfully completing the planned IPO in Calendar 2020. Early market feedback from the Non-Deal IPO Roadshow has been positively received;
- Receiving the support of the Convertible Noteholders to defer redemption of the Convertible Notes on 30 June 2021, the Maturity date, if no IPO is concluded;
- If the IPO is not concluded, raising additional equity or debt funding from its Shareholders and Convertible Noteholders; and
- Achieving the continued growth in business through expansion into new markets, resulting in both profitable operations and the generation of net cash inflows from operations.

Based upon the growth of the business achieved to date, the directors are confident of the Company concluding the IPO and, if required, raising additional equity or debt funding and receiving the ongoing support of the Convertible Noteholders to renegotiate an extended redemption date, and therefore that it is appropriate to prepare the financial report on the going concern basis.

Notwithstanding this, if the IPO is not successfully concluded and the Company cannot raise additional equity or debt funding and receive the ongoing support of the Convertible Noteholders to renegotiate an extended redemption date, a material uncertainty would exist that may cast significant doubt as to whether the Group will continue as a going concern and, therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The financial report does not include adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

### Basis of preparation

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

### Historical cost convention

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

## **Note 2. Significant accounting policies (continued)**

### *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 Group'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.

### **Comparative information**

The financial statements presented in the comparative financial information are for the financial year ended 30 June 2018 and when required by accounting standards, comparative amounts have been adjusted to conform to changes in presentation for the current financial year.

### **Parent entity information**

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 30.

### **Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Access Innovation Holdings Limited as at 30 June 2019 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group 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 Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group 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 Group.

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 Group 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 Group 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.

### **Foreign currency translation**

#### *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.

## Note 2. Significant accounting policies (continued)

### Revenue recognition

The Group recognises revenue as follows:

#### *Revenue from contracts with customers*

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: 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.

#### *Revenue from services*

Revenue from a contract to provide services is recognised over time for all live captioning, as customers simultaneously receive and consume captioning services as live captioned events occur. All recorded captioning is recognised at a point in time, at such time that the customers gains control of and derives the benefits from the completed captioned medium(s) produced and incurs the obligation to pay for completed captioning.

#### *Interest*

Interest revenue 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.

#### *Grant income*

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Research and development tax incentives are recognised in profit or loss on a systematic basis over the periods in which the Group recognises the eligible expenses.

### 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.

## Note 2. Significant accounting policies (continued)

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.

Access Innovation Holdings 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.

### 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 Group'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 Group'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. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

### 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 Group 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.

## Note 2. Significant accounting policies (continued)

### Contract assets

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

### Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

### Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

### Investments

Investments includes non-derivative financial assets with fixed or determinable payments and fixed maturities where the Group has the positive intention and ability to hold the financial asset to maturity. This category excludes financial assets that are held for an undefined period. Investments are carried at amortised cost using the effective interest rate method adjusted for any principal repayments. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

### Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in profit and loss with a corresponding entry to other comprehensive income such that the carrying amount of the investment remains recognised at fair value. In all other cases, the loss allowance is deducted from the asset's carrying value.

### 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 (excluding land) over their expected useful lives as follows:

Leasehold improvements	3 to 5 years
Plant and equipment	5 to 10 years

## Note 2. Significant accounting policies (continued)

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

Leasehold improvements and plant and equipment under lease 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 Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

### Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

### 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 and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

### Development

Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility, the Group is able to use or sell the asset, the Group 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 4 years.

### Intellectual property

Significant costs associated with intellectual property are deferred and amortised on a straight-line basis over the period of its expected benefit, being its finite life, which varies from 3 to 5 years.

### Software

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of its expected benefit, being its finite life, which varies from 3 to 5 years.

## Note 2. Significant accounting policies (continued)

### Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they 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 Group 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 represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services 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.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

### 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 Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group 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.

### 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 annual leave and long service leave 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. 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 and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or 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 Group 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.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

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 Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group 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, they are treated as if they had 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.

## Note 2. Significant accounting policies (continued)

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 is available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

### 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.

### 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.

### Employee Share Scheme

Share-based compensation benefits are provided to certain employees via the Access Innovation Media Employee Incentive Plan and an employee share scheme.

The fair value of options granted under the Access Innovation Media Employee Incentive Plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted, which includes any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions.

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The Employee Option Plan is administered by the Ai-Media Employee Incentive Trust. When the options are exercised, the trust transfers the appropriate amount of shares to the employee. The proceeds received net of any directly attributable transaction costs are credited directly to equity.

## 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.

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

#### *Share-based payment transactions*

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted and key judgements exist when determining the vesting period. For cash settled liabilities the fair value is determined using the best estimate of the market price of the entity's ordinary shares at each reporting period.

#### *Best estimate judgements on present obligations*

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Management take into account the probability weighting of the most likely outcome when recognising provisions which involves key judgements.

#### *Goodwill and other indefinite life intangible assets*

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have 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.

#### *Recovery of deferred tax assets*

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

#### *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.

### Note 4. Restatement of comparatives

#### *Share-based payments fair value*

The historic accounting practice of the Group was to expense share based payments over the initially estimated length of non-market conditions. The calculation of underlying instruments was based on the most likely outcome of the performance conditions and expensed over the initially estimated vesting period from grant date. Historic practices did not include a reassessment of the estimated vesting period over which services continued to be provided.

In the current year management have reassessed the historic treatment of share based payments, inclusive of associated costs such as indirect taxes. To comply with the requirements of AASB 2 'Share Based Payments' and AASB 137 'Provisions, Contingent Liabilities and Contingent Assets' management have restated historic employee share plan costs, including associated costs and the following restatement of comparative information has occurred:

- Additional share-based payment expense of \$513,300 and corresponding increase in the share based payment reserve for \$513,300;
- Additional expense of \$295,895 and a corresponding increase in other provisions of \$295,895 in respect of other provisions associated with the share-based payment plan. The tax affect results in an increase in income tax benefit of \$69,731 with a corresponding movement in deferred tax asset of \$69,731; and
- \$209,069 increase in deferred tax asset, \$2,003,120 decrease in the employee share scheme reserve, increase in other provisions of \$845,991 and an decrease to accumulated losses as at 1 July 2017 for \$1,366,198.

**Note 4. Restatement of comparatives (continued)**

*Statement of profit or loss and other comprehensive income*

	<b>2018 \$ Reported</b>	<b>Consolidated \$ Adjustment</b>	<b>2018 \$ Restated</b>
<b>Revenue</b>	16,078,623	-	16,078,623
Other income	264,670	-	264,670
<b>Expenses</b>			
Cost of sales	(8,107,372)	-	(8,107,372)
Employee benefits expense	(3,772,125)	(809,195)	(4,581,320)
Depreciation and amortisation expense	(993,155)	-	(993,155)
Business development costs	(788,813)	-	(788,813)
Networking and information technology costs	(973,533)	-	(973,533)
Other employment costs	(164,900)	-	(164,900)
Office expenses	(759,114)	-	(759,114)
Other expenses	(1,179,217)	-	(1,179,217)
Finance costs	(138,848)	-	(138,848)
<b>Loss before income tax benefit</b>	(533,784)	(809,195)	(1,342,979)
Income tax benefit	825,260	69,731	894,991
<b>Profit/(loss) after income tax benefit for the year attributable to the owners of Access Innovation Holdings Limited</b>	291,476	(739,464)	(447,988)
<b>Other comprehensive income</b>			
Foreign currency translation	20,991	-	20,991
Other comprehensive income for the year, net of tax	20,991	-	20,991
<b>Total comprehensive income for the year attributable to the owners of Access Innovation Holdings Limited</b>	312,467	(739,464)	(426,997)

#### Note 4. Restatement of comparatives (continued)

*Statement of financial position at the end of the earliest comparative period*

	2018 \$ Reported	Consolidated \$ Adjustment	2018 \$ Restated
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5,595,451	-	5,595,451
Trade and other receivables	2,787,331	-	2,787,331
Income tax refund due	1,289	-	1,289
Total current assets	8,384,071	-	8,384,071
<b>Non-current assets</b>			
Property, plant and equipment	1,309,395	-	1,309,395
Intangibles	1,986,761	-	1,986,761
Deferred tax	224,463	278,800	503,263
Total non-current assets	3,520,619	278,800	3,799,419
<b>Total assets</b>	11,904,690	278,800	12,183,490
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	1,614,963	-	1,614,963
Contract liabilities and deferred revenue	59,761	-	59,761
Borrowings	230,497	-	230,497
Income tax	870,240	-	870,240
Employee benefits	455,408	-	455,408
Provisions	239,574	1,141,886	1,381,460
Total current liabilities	3,470,443	1,141,886	4,612,329
<b>Non-current liabilities</b>			
Trade and other payables	278,684	-	278,684
Borrowings	841,743	-	841,743
Employee benefits	279,522	-	279,522
Income tax	392,663	-	392,663
Total non-current liabilities	1,792,612	-	1,792,612
<b>Total liabilities</b>	5,263,055	1,141,886	6,404,941
<b>Net assets</b>	6,641,635	(863,086)	5,778,549
<b>Equity</b>			
Issued capital	8,980,031	-	8,980,031
Reserves	8,091,027	(1,489,820)	6,601,207
Accumulated losses	(10,429,423)	626,734	(9,802,689)
<b>Total equity</b>	6,641,635	(863,086)	5,778,549

## Note 5. Revenue

	Consolidated 2019 \$	Consolidated 2018 (Restated) \$
Service revenue	18,339,127	16,078,623

### Disaggregation of revenue

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

	Consolidated 2019 \$
<i>Major product lines</i>	
Broadcast	13,860,027
Non-broadcast	4,479,100
	<u>18,339,127</u>
<i>Geographical regions</i>	
Australia	16,144,610
Canada	165,980
United Kingdom	1,416,104
United States of America	612,433
	<u>18,339,127</u>
<i>Timing of revenue recognition</i>	
Goods transferred at a point in time	7,675,623
Services transferred over time	10,663,504
	<u>18,339,127</u>

AASB 15 was adopted using the modified retrospective approach and as such comparatives have not been provided for disaggregation of revenue.

## Note 6. Other income

	Consolidated 2019 \$	Consolidated 2018 (Restated) \$
Export Market Development Grant revenue	-	28,901
Interest income	-	145,613
Other revenue	103,928	90,156
	<u>103,928</u>	<u>264,670</u>

## Note 7. Expenses

	Consolidated 2019 \$	Consolidated 2018 (Restated) \$
Loss before income tax includes the following specific expenses:		
<i>Finance costs</i>		
Interest and finance charges paid/payable	351,211	138,848
<i>Rental expense relating to operating leases</i>		
Total rental expense relating to operating leases	576,517	537,057
<i>Superannuation expense</i>		
Defined contribution superannuation expense	972,001	839,823

## Note 8. Income tax

	Consolidated 2019 \$	Consolidated 2018 (Restated) \$
<i>Income tax benefit</i>		
Current tax	(862,127)	(346,415)
Deferred tax - origination and reversal of temporary differences	236,952	(224,463)
Adjustment recognised for prior periods	(28,337)	(324,113)
Aggregate income tax benefit	(653,512)	(894,991)
Deferred tax included in income tax benefit comprises:		
Decrease/(increase) in deferred tax assets	236,952	(224,463)
<i>Numerical reconciliation of income tax benefit and tax at the statutory rate</i>		
Loss before income tax benefit	(4,527,768)	(1,342,979)
Tax at the statutory tax rate of 27.5%	(1,245,136)	(369,319)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Research and Development	(993,000)	(587,374)
Other non-assessable and non-deductible items	901,852	385,815
Adjustment recognised for prior periods	(1,336,284)	(570,878)
Recognition of deferred tax liability	(28,337)	(324,113)
	711,109	-
Income tax benefit	(653,512)	(894,991)

	Consolidated 2019 \$	Consolidated 2018 (Restated) \$
Deferred tax asset		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Property, plant and equipment	96,031	79,421
Employee benefits	311,854	198,043
Accrued expenses	572,426	305,697
Prepayments	(2,310)	(1,826)
Accrued interest	-	(76,638)
Capitalised development cost	(711,109)	-
Other	(581)	(1,434)
Deferred tax asset	266,311	503,263
Movements:		
Opening balance	503,263	278,800
Credited/(charged) to profit or loss	(236,952)	224,463
Closing balance	266,311	503,263
	Consolidated 2019 \$	Consolidated 2018 (Restated) \$
Income tax refund due		
Income tax refund due	495,609	1,289
	Consolidated 2019 \$	Consolidated 2018 (Restated) \$
Provision for income tax		
Provision for income tax	-	870,240

**Note 9. Current assets - cash and cash equivalents**

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>(Restated)</b>
		<b>\$</b>
Cash on hand	120	148
Cash at bank	1,436,562	5,595,303
	<u>1,436,682</u>	<u>5,595,451</u>

*Reconciliation to cash and cash equivalents at the end of the financial year*

The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:

Balances as above	1,436,682	5,595,451
Bank overdraft (note 16)	(764,511)	-
Balance as per statement of cash flows	<u>672,171</u>	<u>5,595,451</u>

**Note 10. Current assets - trade and other receivables**

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>(Restated)</b>
		<b>\$</b>
Trade receivables	3,243,844	2,095,956
Other receivables	5,016	4,292
Accrued revenue	-	11,880
Prepayments	365,622	647,802
Security deposits	32,123	27,401
	<u>3,646,605</u>	<u>2,787,331</u>

**Note 11. Current assets - investments**

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>(Restated)</b>
		<b>\$</b>
Term deposit	<u>272,076</u>	<u>-</u>

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

	<b>Consolidated</b>	<b>2018</b>
	<b>2019</b>	<b>(Restated)</b>
	<b>\$</b>	<b>\$</b>
Leasehold improvements - at cost	1,360,907	1,238,983
Less: Accumulated depreciation	(590,371)	(368,461)
	<u>770,536</u>	<u>870,522</u>
Plant and equipment - at cost	3,973,549	3,528,702
Less: Accumulated depreciation	(3,434,908)	(3,089,829)
	<u>538,641</u>	<u>438,873</u>
	<u><u>1,309,177</u></u>	<u><u>1,309,395</u></u>

**Reconciliations**

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

<b>Consolidated</b>	<b>Leasehold</b>	<b>Plant and</b>	<b>Total</b>
	<b>improvements</b>	<b>equipment</b>	<b>\$</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance at 1 July 2018	870,522	438,873	1,309,395
Additions	121,924	439,592	561,516
Exchange differences	-	1,535	1,535
Depreciation expense	(221,910)	(341,359)	(563,269)
Balance at 30 June 2019	<u>770,536</u>	<u>538,641</u>	<u>1,309,177</u>

**Note 13. Non-current assets - intangibles**

	<b>Consolidated</b>	<b>2018</b>
	<b>2019</b>	<b>(Restated)</b>
	<b>\$</b>	<b>\$</b>
Goodwill - at cost	389,434	389,434
Development - at cost	4,532,802	2,655,940
Less: Accumulated amortisation	(1,946,952)	(1,241,158)
	<u>2,585,850</u>	<u>1,414,782</u>
Intellectual property - at cost	325,942	325,942
Less: Accumulated amortisation	(325,904)	(325,818)
	<u>38</u>	<u>124</u>
Software - at cost	1,163,380	1,157,436
Less: Accumulated amortisation	(1,070,624)	(975,015)
	<u>92,756</u>	<u>182,421</u>
	<u><u>3,068,078</u></u>	<u><u>1,986,761</u></u>

### Note 13. Non-current assets - intangibles (continued)

#### Reconciliations

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

Consolidated	Goodwill \$	Development \$	Intellectual property \$	Software \$	Total \$
Balance at 1 July 2018	389,434	1,414,782	124	182,421	1,986,761
Additions	-	1,876,862	-	5,944	1,882,806
Amortisation expense	-	(705,794)	(86)	(95,609)	(801,489)
Balance at 30 June 2019	389,434	2,585,850	38	92,756	3,068,078

### Note 14. Current liabilities - trade and other payables

	Consolidated 2019 \$	Consolidated 2018 (Restated) \$
Trade payables	275,359	312,117
Accrued expenses	1,761,305	1,301,675
Cash-settled share-based payments	216,346	1,171
	2,253,010	1,614,963

For terms and conditions relating to cash-settled share-based payments, please refer to note 32.

### Note 15. Current liabilities - contract liabilities and deferred revenue

	Consolidated 2019 \$	Consolidated 2018 (Restated) \$
Contract liabilities	153,856	-
Deferred revenue	-	59,761
	153,856	59,761

### Note 16. Current liabilities - borrowings

	Consolidated 2019 \$	Consolidated 2018 (Restated) \$
Bank overdraft	764,511	-
Lease liability	276,146	230,497
	1,040,657	230,497

Refer to note 19 for further information on assets pledged as security and financing arrangements.

#### Note 17. Current liabilities - provisions

	Consolidated 2019 \$	2018 (Restated) \$
Lease make good	-	239,574
Other provisions	1,379,908	1,141,886
	<u>1,379,908</u>	<u>1,381,460</u>

##### *Lease make good*

The provision represents the present value of the estimated costs to make good the premises leased by the Group at the end of the respective lease terms.

##### *Other provisions*

The provision represents the best estimate of other provisions associated with the share based payment plan

##### *Movements in provisions*

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

	Lease make good \$	Other provisions \$
<b>Consolidated - 2019</b>		
Carrying amount at the start of the year	239,574	1,141,886
Additional provisions recognised	-	238,022
Amounts transferred to non-current	(239,574)	-
Carrying amount at the end of the year	<u>-</u>	<u>1,379,908</u>

#### Note 18. Non-current liabilities - trade and other payables

	Consolidated 2019 \$	2018 (Restated) \$
Accrued interest payable	469,917	278,684

#### Note 19. Non-current liabilities - borrowings

	Consolidated 2019 \$	2018 (Restated) \$
Shareholder loan	800,000	800,000
Lease liability	428,262	41,743
	<u>1,228,262</u>	<u>841,743</u>

## Note 19. Non-current liabilities - borrowings (continued)

### Total secured liabilities

The total secured liabilities (current and non-current) are as follows:

	Consolidated 2019 \$	Consolidated 2018 (Restated) \$
Bank overdraft	764,511	-
Lease liability	704,408	272,240
	<u>1,468,919</u>	<u>272,240</u>

### Assets pledged as security

The bank overdraft and loans are secured against \$1,000,000 term deposit.

Shareholder loans are unsecured but will rank in priority of payment to other unsecured creditors.

The lease liabilities are effectively secured as the rights to the leased assets, recognised in the statement of financial position, revert to the lessor in the event of default.

### Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated 2019 \$	Consolidated 2018 (Restated) \$
Total facilities		
Bank overdraft	<u>1,000,000</u>	<u>1,000,000</u>
Used at the reporting date		
Bank overdraft	<u>764,511</u>	<u>-</u>
Unused at the reporting date		
Bank overdraft	<u>235,489</u>	<u>1,000,000</u>

## Note 20. Non-current liabilities - provisions

	Consolidated 2019 \$	Consolidated 2018 (Restated) \$
Lease make good	<u>265,352</u>	<u>-</u>

### Lease make good

The provision represents the present value of the estimated costs to make good the premises leased by the Group at the end of the respective lease terms.

## Note 20. Non-current liabilities - provisions (continued)

### Movements in provisions

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

	Lease make good \$
<b>Consolidated - 2019</b>	
Carrying amount at the start of the year	-
Amounts transferred from current	239,574
Additional provisions recognised	<u>25,778</u>
Carrying amount at the end of the year	<u><u>265,352</u></u>

## Note 21. Equity - issued capital

	2019 Shares	Consolidated 2018 (Restated) Shares	2019 \$	2018 (Restated) \$
Ordinary shares - fully paid	<u>96,200,980</u>	<u>96,200,980</u>	<u>8,980,031</u>	<u>8,980,031</u>

### 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 of and amounts paid 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.

## Note 22. Equity - reserves

	Consolidated 2019 \$	Consolidated 2018 (Restated) \$
Foreign currency translation reserve	14,600	10,490
Employee share scheme reserve	<u>7,418,041</u>	<u>6,590,717</u>
	<u><u>7,432,641</u></u>	<u><u>6,601,207</u></u>

### Foreign currency translation 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.

### Employee share scheme ('ESS') reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration.

## Note 22. Equity - reserves (continued)

### Movements in reserves

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

<b>Consolidated</b>	Foreign currency translation reserve \$	Employee share scheme reserve \$	Total \$
Balance at 1 July 2017	(10,501)	6,077,417	6,066,916
Foreign currency translation	20,991	-	20,991
Share-based payments	-	513,300	513,300
Balance at 30 June 2018	10,490	6,590,717	6,601,207
Foreign currency translation	4,110	-	4,110
Share-based payments	-	827,324	827,324
Balance at 30 June 2019	14,600	7,418,041	7,432,641

## Note 23. Equity - dividends

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

## Note 24. Financial instruments

### Liquidity risk

### Financing arrangements

Unused borrowing facilities at the reporting date:

	<b>Consolidated 2019 \$</b>	<b>2018 (Restated) \$</b>
Bank overdraft	235,489	1,000,000

Subject to the continuance of satisfactory credit ratings, the bank overdraft facilities may be drawn at any time but may also be terminated by the bank without notice. The outstanding amount is payable on demand.

## Note 25. Fair value measurement

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.

## Note 26. Key management personnel disclosures

### Compensation

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

	Consolidated	
	2019	2018
	\$	(Restated)
	\$	\$
Aggregate compensation	2,459,828	1,188,309

## Note 27. Contingent liabilities

The Group has given bank guarantees as at 30 June 2019 of \$264,962 (2018: \$264,962) to various landlords.

## Note 28. Commitments

	Consolidated	
	2019	2018
	\$	(Restated)
	\$	\$
<i>Lease commitments - operating</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	369,865	327,858
One to five years	839,420	945,165
	1,209,285	1,273,023
<i>Lease commitments - finance</i>		
Committed at the reporting date and recognised as liabilities, payable:		
Within one year	269,904	230,497
One to five years	434,505	53,531
Total commitment	704,409	284,028

Operating lease commitments includes contracted amounts for various offices under non-cancellable operating leases expiring within two to four years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

## Note 29. Related party transactions

### Subsidiaries

Interests in subsidiaries are set out in note 31.

### Key management personnel

Disclosures relating to key management personnel are set out in note 26.

### Transactions with related parties

There were no transactions with related parties during the current and previous financial year.

### Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

## Note 29. Related party transactions (continued)

### Loans to/from related parties

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

	Consolidated 2019 \$	2018 (Restated) \$
Non-current borrowings:		
Shareholder loan from related parties	800,000	800,000

### Terms and conditions

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

## Note 30. 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 (Restated) \$
Profit after income tax	714,792	116,933
Total comprehensive income	714,792	116,933

### Statement of financial position

	Parent 2019 \$	2018 (Restated) \$
Total current assets	23,173,608	21,879,814
Total assets	23,891,202	22,767,948
Total current liabilities	2,358,030	2,568,063
Total liabilities	3,627,947	4,039,410
Equity		
Issued capital	8,980,031	8,980,031
Foreign currency translation reserve	10,282	10,282
Employee share scheme reserve	7,382,645	6,562,721
Retained profits	3,890,297	3,175,504
Total equity	20,263,255	18,728,538

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

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2019 and 30 June 2018.

### Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2019 and 30 June 2018.

### Note 30. Parent entity information (continued)

#### Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2019 and 30 June 2018.

#### Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group, 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 31. 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 %	2018 (Restated) %
Access Innovation Media Pty Limited	Australia	100%	100%
Access Innovation IP Pty Limited	Australia	100%	100%
Ai-Media Employee Incentive Trust	Australia	100%	100%
Access Innovation Media UK Ltd	United Kingdom	100%	100%
Ai-Media UK B Ltd *	United Kingdom	100%	100%
Ai Media Inc.	United States of America	100%	100%
Ai-Media Canada Inc.	Canada	100%	100%
Ai-Media NZ Limited	New Zealand	100%	-

\* Wholly-owned subsidiary of Access Innovation Media UK Ltd

### Note 32. Share-based payments

The Company's incentive program has been in place since 2013, and underpins a broader strategy of rewarding performance and retaining key talent.

The program is designed to assist in motivating and rewarding long term performance and teamwork towards the realisation of shared goals: growth in Ai-Media's social impact and business success, and growth of the value of the business and share price towards realisation of a Liquidity Event.

Participation is by invitation from the Board and those invited can make an application under the terms of the invitation materials and plan rules.

Each grant is subject to satisfaction of the relevant vesting conditions – including performance, service and occurrence of a Liquidity Event. Prior to a Vesting Notice being given to a Participant, the Board must have determined that a Liquidity Event as defined in the plan rules has occurred.

No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights.

As at 30 June 2019, the company has issued 9,612,250 ESS units and 1,570,000 ESPP units to employees.

### Note 33. Events after the reporting period

#### Convertible Notes

Subsequent to the end of the financial year, the Company raised \$10,330,000 in cash proceeds from entering into various convertible note subscription agreements ('debt notes') between 13 December 2019 and 25 June 2020. The terms of repayment of the debt notes issued is either full repayment of principal and interest, accrued daily at a coupon rate of 8% per annum, on the 30 June 2021, or earlier if there is a liquidity event. In the event there is a liquidity event earlier than 30 June 2021, the value of the debt note at the liquidity event date is converted into ordinary shares with a discount price range. As the number of shares on conversion is variable, the entire financial instrument will be classified as financial liabilities.

#### Novel Coronavirus (COVID-19)

The Novel Coronavirus ('COVID-19') was declared a pandemic in March 2020 by the World Health Organisation ('WHO'). Subsequent to the end of Calendar 2019 year, there have been considerable economic impacts in Australia and globally arising from the outbreak of COVID-19 and Government action to reduce the spread of the virus. The outbreak of COVID-19 and the subsequent quarantine measures imposed by the Australian and other governments as well as the travel and trade restrictions imposed by Australia and other countries in early 2020 have caused disruption to businesses and economic activity. The Group considers this to be a non-adjusting post balance date event.

Thus far, COVID-19 has had little impact on the operations of the Group and its core operations located in Australia, US and Canada, Europe and Asia. Some work has been impacted due to sporting and event cancellations but this has been compensated for by an upturn in new opportunities across enterprise, corporate and government. At present, the Group continues to operate effectively with business as usual.

As the operations of the Group's customers, suppliers and associates are located primarily in Australia, US & Canada, Europe and Asia, the outbreak of COVID-19 is expected to have a negative impact on these entities. This may in turn negatively affect the recoverability of the Group's investments, as well as financial assets such as debtors that are subject to impairment or ECL assessments as appropriate.

The Group's primary sales channels are broadcasters and Enterprise clients. So far, there has been little disruption to the sales channels. This could change if COVID-19 is not brought under control in the medium term.

The Group has no external debt and as at 30 June 2020 had in excess of \$2,400,000 of cash available to the Group. Management believe this is sufficient cash to ride out the effects of COVID-19 even if the related restrictions remain in force for an extended period of time.

As the situation remains fluid, due to continuing changes in government policy and evolving business and customer reactions thereto, as at the date these financial statements are authorised for issue, the directors of the Company consider that the financial effects of COVID-19 on the Group's operations and therefore operating results cannot be reasonably estimated.

The directors do not consider the impact to likely compromise the ability of the Group to continue operating for the foreseeable future. No economic impacts resulting from COVID-19 have been included in the financial results for the year ended 30 June 2019.

#### Acquisition of ACS and PostCAP

On 1 May 2020, the Group acquired 100% of the share capital of Alternative Communication Services LLC ('ACS') and PostCAP LLC. The acquisition will be funded by a combination of cash, equity and deferred consideration. The cash component will be met with existing funds raised through the issue of convertible notes. The acquisition of this highly regarded US captioning services company will complement the Group's breakout organic sales growth in the North American market, delivering long term customers, local knowledge and an expanded workforce.

#### Company's planned liquidity event

The Company is advanced in its plans to raise capital to support its business plans, by conducting an Initial Public Offering ("IPO") on the Australian Stock Exchange ("ASX"). The IPO is scheduled to take place in calendar year 2020.

**Note 33. Events after the reporting period (continued)**

**Shareholder Loans**

Subsequent to the end of the financial year, the Company received an additional \$1,615,617 loan from the shareholders to be used for the purposes of working capital. The loan from shareholders are interest bearing and maturing on the earlier of 45 days post IPO ASX Listing Date or within 5 business days after 31 December 2021 (\$1,615,617) and 31 December 2022 (\$800,000). Interest is payable at the rate of 12% per annum.

The Company is currently planning for an Initial Public Offering (IPO) of its securities on the Australian Stock Exchange in the final quarter of calendar 2020. Repayment of Shareholder Loans, inclusive of accrued interest, is required upon completion of such a liquidity event. It is expected that Shareholder loans would be settled out of IPO proceeds at the time of listing.

No other matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group'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 Australian Accounting Standards - Reduced Disclosure Requirements, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 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.

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

*Tony Abrahams*

Tony Abrahams (Jul 24, 2020 21:46 GMT+10)

---

Anthony Abrahams  
Director  
Jul 24, 2020

## Independent Auditor's Report to the Members of Access Innovation Holdings Limited

### *Opinion*

We have audited the financial report of Access Innovation Holdings Limited and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (i) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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 report which indicates that the Group incurred a net loss after income tax of \$3,874,256 and incurred net cash outflows from operating activities of \$2,636,903 during the year ended 30 June 2019 and had net assets of \$2,735,727 and a net current asset position of \$458,420 including \$1,436,682 of cash and cash equivalents at 30 June 2019. These conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### *Emphasis of matter: Reissue of financial report*

As indicated in Note 4, the attached financial report of Access Innovation Holdings Limited for the year ended 30 June 2019 is a reissued financial report and supersedes the financial report signed by the directors on 25 June 2020. This audit report supersedes our audit report dated 25 June 2020 relating to the previously issued and now superseded financial report. Our opinion is not modified in respect of this matter.

## *Other Information*

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

Our opinion on the financial report does not cover the other information and 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 Group are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

## *Auditor's Responsibilities for the Audit of the Financial Report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.

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

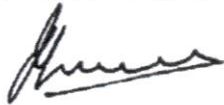
- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

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

*Deloitte Touche Tohmatsu*

DELOITTE TOUCHE TOHMATSU



Joshua Tanchel  
Partner  
Chartered Accountants  
Sydney, 28 July 2020