

**Interim Report presented by the directors of Access
Innovation Holdings Limited in respect of Alternative
Communication Services LLC**

For the half year ended 31 December 2019

Alternative Communication Services LLC.
For the half year ended 31 December 2019

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Alternative Communication Services LLC.
Statement of Profit or Loss and Other Comprehensive Income
For the half year ended 31 December 2019



	<u>Notes</u>	<u>31 Dec 19 \$AUD</u>	<u>31 Dec 18 \$AUD</u>
Revenue	3	6,625,810	6,024,963
Other Income	4	11,428	13,103
Expenses			
Cost of sales		(4,839,682)	(4,552,700)
Employee benefits expense		(1,126,338)	(1,002,318)
Consultancy costs		(90,000)	(77,919)
Finance costs	5	(33,130)	(30,967)
Depreciation and amortisation expense	5	(74,628)	(63,519)
Other expenses		(332,844)	(343,714)
Profit / (loss) before income tax		140,616	(33,071)
Income tax expense		-	-
Profit / (loss) for the half - year		140,616	(33,071)
Foreign exchange differences		11,592	(14,694)
Other comprehensive income / (loss) for the half - year		11,592	(14,494)
Total comprehensive income / (loss) for the half - year		152,208	(47,765)

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

Alternative Communication Services LLC.
Statement of Financial Position
As at 31 December 2019



	Notes	31 Dec 19 \$AUD	30 June 19 \$AUD
Current assets			
Cash and cash equivalents		336,494	169,203
Trade and other receivables	6	1,002,320	1,065,099
Total current assets		1,338,814	1,234,302
Non-current assets			
Property, plant and equipment		13,123	14,272
Intangible assets	7	390,342	454,106
Right of use asset	8	11,397	18,925
Total non-current assets		414,862	487,303
Total assets		1,753,676	1,721,605
Current liabilities			
Trade and other payables	9	624,447	690,390
Lease liabilities	10	10,044	13,719
Borrowings	11	624,645	232,222
Total current liabilities		1,259,136	936,331
Non-current liabilities			
Lease liabilities	10	-	2,758
Borrowings	11	559,709	676,280
Total non-current liabilities		559,709	679,038
Total liabilities		1,818,845	1,615,369
Net (liabilities) /assets		(65,169)	106,236
Equity			
Member's (deficit) /capital		(65,169)	106,236

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

Alternative Communication Services LLC.
Statement of Changes in Equity
For the half year ended 31 December 2019



	Notes	Member's (deficit)/ equity \$AUD	Foreign currency reserve \$AUD	Accumulated profits / (losses) \$AUD	Total \$AUD
Balance at 1 July 2018		16,259	(11,600)	-	4,659
Loss for the half - year		-	-	(33,071)	(33,071)
Other comprehensive loss for the half - year		-	(14,694)	-	(14,694)
Total comprehensive loss for the half - year		-	(14,694)	(33,071)	(47,765)
Transactions with owners					
Distributions paid		(85,553)	-	-	(85,553)
Transfer to member's (deficit) /equity		(33,071)	-	33,071	-
Balance at 31 December 2018		(102,365)	(26,294)	-	(128,659)
Balance at 1 July 2019		130,966	(24,730)	-	106,236
Profit for the half - year		-	-	140,616	140,616
Other comprehensive income for the half - year		-	11,592	-	11,592
Total comprehensive income for the half - year		-	11,592	140,616	152,208
Transactions with owners					
Merger contribution	14	28,397	-	-	28,397
Distributions paid		(352,009)	-	-	(352,009)
Transfer to member's equity		140,616	-	(140,616)	-
Balance at 31 December 2019		(52,031)	(13,138)	-	(65,169)

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

Alternative Communication Services LLC.
Statement of Cash-flows
For the half year ended 31 December 2019



	Notes	31 Dec 19 \$AUD	31 Dec 18 \$AUD
Cash flows from operating activities			
Profit / (loss) for the half-year		140,616	(33,071)
Adjustments for:			
Depreciation and amortisation		74,628	63,519
Finance costs		32,702	30,197
Operating cash flows before movements in working capital		247,946	60,645
Decrease / (increase) in trade and other receivables		227,609	(99,491)
Increase / (decrease) in trade and other payables		(99,639)	(95,818)
Net cash generated / (used) by operating activities		375,916	(134,664)
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired		-	(13,501)
Received on merger	14	18,073	-
Net cash generated / (used) in investing activities		18,073	(13,501)
Cash flows from financing activities			
Distributions paid to members		(352,009)	(83,553)
Finance costs		(28,460)	(27,020)
Repayment of borrowings to related parties		(218,085)	(89,876)
Proceeds from bank borrowings		430,883	442,260
Repayment of borrowings to others		(58,902)	(56,977)
Repayment of lease liabilities		(7,026)	(6,637)
Net cash (used in) / generated by financing activities		(233,599)	176,197
Net increase in cash and cash equivalents		160,390	28,032
Cash at the beginning of half year		169,203	288,560
Effect of foreign exchange rate changes		6,901	9,714
Cash at the end of half year		336,494	326,307

The above statement of changes in cash flow should be read in conjunction with the accompanying notes.

Alternative Communication Services LLC.
Notes to the financial statements
For the half year ended 31 December 2019



1. General information

Alternative Communication Services LLC is a limited liability company (the Company), incorporated and domiciled in the United States. The functional and presentational currency of the Company is US Dollar and Australian dollar (\$AUD) respectively.

The address of its registered office and its principal place of business are as follows:
 219 E Prairie Avenue,
 Lombard, Illinois – 60148

The principal activity of the company is captioning, translation, and interpreting services. The Company offers voice-to-text services including sign language interpreting, post-production closed captioning, transcriptions, and translation services.

The financial report was authorised for issue by the directors on 27 July 2020.

2. Significant accounting policies

These general-purpose financial statements for the interim half year reporting period ended 31 December 2019 have been prepared in accordance with Australian Accounting Standards (AAS) and Interpretations issued by the Australian Accounting Standards Board ('AASB') as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

These general-purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the financial statements for the year ended 30 June 2019. The principal accounting policies adopted are consistent with those of the previous financial year.

New or amended Accounting Standards and Interpretations adopted

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. AASB 16 Leases was early adopted and the impact of adoption and relevant accounting policies are disclosed in the financial statements for the year ended 30 June 2019.

Net assets deficiency

The Company has a net assets deficiency of \$AUD 65,169 (30 June 2019 surplus: \$AUD 106,236). The Company has a net current assets surplus of \$AUD 79,678 (30 June 2019: \$AUD 297,971). The Members have concluded that it is appropriate to prepare the interim financial report on the going concern basis, as they are confident that the Company will be able to pay its debts as and when they become due and payable from positive cash flows from operations and available finance facilities for at least 12 months from the date of signing the financial statements.

3. Revenue

	31 Dec 19	31 Dec 18
	\$AUD	\$AUD
Revenue from contracts with customers	6,625,810	6,024,963
The disaggregation of revenue is as follows:		
<i>Major product lines</i>		
Broadcast revenue	49,229	525,762
Non-broadcast revenue	6,576,581	5,499,201
	6,625,810	6,024,963
<i>Geographical regions</i>		
United States	6,562,127	5,960,850
Canada	63,683	64,113
	6,625,810	6,024,963

Alternative Communication Services LLC.
Notes to the financial statements
For the half year ended 31 December 2019



4. Other income

31 Dec 19 31 Dec 18
\$AUD \$AUD

Equipment rental	9,458	8,743
Other income	1,970	4,360
	<u>11,428</u>	<u>13,103</u>

5. Expenses

31 Dec 19 31 Dec 18
\$AUD \$AUD

Depreciation

Property, plant and equipment	1,168	1,104
Right of use assets	7,747	7,319
Total depreciation	<u>8,915</u>	<u>8,423</u>

Amortisation

Development fees	11,114	10,500
Customer relationships	54,599	44,596
Total amortisation	<u>65,713</u>	<u>55,096</u>

Total depreciation and amortisation	<u>74,628</u>	<u>63,519</u>
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Finance costs

Interest and finance charges paid/payable	32,702	30,197
Interest and finance charges paid/payable on lease liabilities	428	770
Total finance costs expensed	<u>33,130</u>	<u>30,967</u>

Rent expense relating to operating expenses	<u>2,954</u>	<u>2,412</u>
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6. Current assets – trade and other receivables

31 Dec 19 30 Jun 19
\$AUD \$AUD

Trade receivables	887,912	1,045,755
Related party receivables	114,187	-
Other receivables	221	19,344
	<u>1,002,320</u>	<u>1,065,099</u>

Alternative Communication Services LLC.
Notes to the financial statements
For the half year ended 31 December 2019



7. Non-current assets – intangible assets

	31 Dec 19	30 Jun 19
	\$AUD	\$AUD
<i>Customer relationships</i>		
Customer relationship - cost	626,963	626,337
Customer relationship - accumulated amortisation	(292,131)	(238,536)
	<u>334,832</u>	<u>387,801</u>
<i>Development</i>		
Development - cost	105,997	105,891
Development - accumulated amortisation	(50,487)	(39,586)
	<u>55,510</u>	<u>66,305</u>
	<u>390,342</u>	<u>454,106</u>

Reconciliations

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

	Customer relationship	Development	Total
	\$AUD	\$AUD	\$AUD
Balance at 1 July 2019	387,801	66,305	454,106
Depreciation amortisation	(54,599)	(11,114)	(65,713)
Movement in foreign currency	1,630	319	1,949
Balance at 31 December 2019	<u>334,832</u>	<u>55,510</u>	<u>390,342</u>

8. Non-current assets – right-of-use assets

	31 Dec 19	30 Jun 19
	\$AUD	\$AUD
Right of use asset - cost	45,466	45,421
Right of use asset – accumulated depreciation	(34,069)	(26,496)
	<u>11,397</u>	<u>18,925</u>

Reconciliations

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

	\$AUD
Balance at 1 July 2019	18,925
Depreciation expense	(7,747)
Movement in foreign currency	219
Balance at 31 December 2019	<u>11,397</u>

Alternative Communication Services LLC.
Notes to the financial statements
For the half year ended 31 December 2019



9. Current liabilities – trade and other payables

	31 Dec 19	30 Jun 19
	\$AUD	\$AUD
Trade payables	521,678	599,743
Other payables and accruals	102,769	90,647
	<u>624,447</u>	<u>690,390</u>

10. Lease liabilities

	31 Dec 19	30 Jun 19
	\$AUD	\$AUD
Current liabilities		
Lease liabilities	<u>10,044</u>	<u>13,719</u>
Non- current liabilities		
Lease liabilities	<u>-</u>	<u>2,758</u>

11. Borrowings

	31 Dec 19	30 Jun 19
	\$AUD	\$AUD
<i>Current liabilities</i>		
Unsecured borrowings from member	121,419	121,297
Other loans	49,840	110,925
Bank loans	<u>453,386</u>	<u>-</u>
	<u>624,645</u>	<u>232,222</u>
<i>Non-current liabilities</i>		
Unsecured borrowings from member	377,971	472,977
Other loans	181,738	203,303
Bank loans	<u>-</u>	<u>-</u>
	<u>559,709</u>	<u>676,280</u>

Alternative Communication Services LLC.
Notes to the financial statements
For the half year ended 31 December 2019



11. Borrowings (continued)

Financing arrangements

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

	31 Dec 19	30 Jun 19
	\$AUD	\$AUD
<i>Total facilities</i>		
Bank loans	801,856	828,463
Other loans	231,578	314,228
Unsecured borrowings from member	499,390	594,274
	<u>1,532,824</u>	<u>1,736,965</u>
 Unused at the reporting date		
Bank loans	348,470	828,463
Other loans	-	-
Unsecured borrowings from member	-	-
	<u>348,470</u>	<u>828,463</u>

12. Contingent liabilities

On the 1 May 2017 the Company has entered into a cross collateral and pledge agreement with the controlling member (individually and outside of the Company) and West Suburban Bank (Lender). The controlling member individually is indebted to the lender as Guarantor for an amount equalling \$AUD499,390 as at 31 December 2019 (30 June 2019: \$AUD594,274). No loss allowance has been recognised in respect of this guarantee for the half year ended 31 December 2019 (31 December 2018 – same).

13. 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.

Alternative Communication Services LLC.
Notes to the financial statements
For the half year ended 31 December 2019



14. Business Combinations

Common control transaction

On the 7 December 2019, the Company acquired POSTCAP LLC ("PC") an Illinois limited liability company fully controlled by the controlling member of the Company. Management determined this transaction to be common control acquisition of a business. This business combination was accounted for under the predecessor value method, whereby assets and liabilities were recorded at previous carrying value and no fair value adjustments made.

No consideration was paid for the merger, with the book value of assets acquired accounted for as an equity transaction through a members reserve.

Details of the common control transaction are as follows:

	Book value
	\$AUD
Cash and cash equivalents	18,073
Trade receivables	29,190
Trade payables	(18,866)
Net assets acquired at book value	<u>28,397</u>
Members capital reserve	<u>(28,397)</u>
Acquisition-date book value of the total consideration transferred	<u><u>-</u></u>

15. Events after the reporting period

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 the United States 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 United States and other governments as well as the travel and trade restrictions imposed by the United States and other countries in early 2020 have caused disruption to businesses and economic activity. The Company considers this to be a non-adjusting post balance date event. Thus far, COVID-19 has had little impact on the operations of the Company and its core operations located in United States. 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 Company continues to operate effectively with business as usual.

As the operations of the Company's customers, suppliers and associates are located primarily in United States, the outbreak of COVID-19 is expected to have a negative impact on these entities. This may in turn negatively affect the recoverability of financial assets such as debtors that are subject to impairment or expected credit loss (ECL) assessments as appropriate. The Company's primary sales channels are educational institutions, 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 Company has manageable external debt used for seasonality management and as at 30 June 2020 had in excess of \$AUD250,000 of cash available to the Company. Management of Access innovation Holdings Limited believe the Company has 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 Access innovation Holdings Limited consider that the financial effects of COVID-19 on the Company's operations and therefore operating results cannot be reasonably estimated.

15. Events after the reporting period (continued)

The directors of Access innovation Holdings Limited do not consider the impact to likely compromise the ability of the Company to continue operating for the foreseeable future. No economic impacts resulting from COVID-19 have been included in the financial results for the half year review ended 31 December 2019.

Breach and waiver of West Suburban Bank (WSB) covenants

The Company breached its bank covenants prior to the end of the period and received a waiver post 31 December 2019 from its financier for the breach. As at 31 December 2019 the bank borrowings have therefore been disclosed within current liabilities.

Sale of business

On 1 May 2020, the member sold 100% of their capital to Access Innovation Holdings Limited (AI Media) as a going concern. The sale of the Company was settled by a combination of cash, equity and deferred consideration.

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

Alternative Communication Services LLC.
Directors' declaration
For the half year ended 31 December 2019



The directors declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

(b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with accounting standards and giving a true and fair view of the financial position as at 31 December 2019 and of its performance for the financial half year ended on that date.

Signed by the directors of Access innovation Holdings Limited of behalf of the Company.

Tony Abrahams
Tony Abrahams [Jul 27, 2020 10:26 GMT+10]

Director Anthony Abrahams

Jul 27, 2020

Sydney

Independent Auditor's Review Report to the directors of Access Innovation Holdings Limited in respect of Alternative Communication Services LLC

We have reviewed the accompanying half-year financial report of Alternative Communication Services LLC, which comprises the statement of financial position as at 31 December 2019, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Management's Responsibility for the half-year Financial Report

Management of Access Innovation Holdings Limited is responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards. Management's responsibility also includes such internal control as management determine is necessary to enable the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not prepared, in accordance with the Australian Accounting Standards. As the auditor of Alternative Communication Services LLC, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

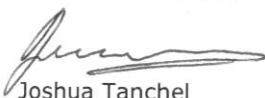
Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of Alternative Communication Services LLC is not prepared, in all material respects, in accordance with Australian Accounting Standards.

Emphasis of Matter –Restriction on Distribution and Use

We draw attention to Note 2 to the half-year financial report, which describes the use of the half-year review report solely for the purposes of assisting the directors of Access Innovation Holdings Limited with their reporting requirements. As a result, the half-year review report may not be suitable for another purpose.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Joshua Tanchel
Partner

Chartered Accountants
Sydney, 28 July 2020