

E-Com (Aus) Pty Ltd and controlled entity

ABN: 60 150 104 715

Consolidated Financial Report

For the year ended 30 June 2019

Pitcher Partners

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E-COM (AUS) PTY LTD AND CONTROLLED ENTITY
ABN: 60 150 104 715

DIRECTOR'S REPORT

The director presents this report together with the financial report of the group, being E-Com (Aus) Pty Ltd ("the company"), and its controlled entity, for the year ended 30 June 2019 and auditor's report thereon.

Directors names

The name of the director in office at any time during or since the end of the year is:

Sean Senvirtne

The director has been in office since the start of the year to the date of this report unless otherwise stated.

Results

The loss of the group for the year after providing for income tax amounted to \$417,749 (2018: loss \$1,273,729)

Review of operations

The group continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

Significant changes in state of affairs

There were no significant changes in the group's state of affairs that occurred during the financial year, other than those referred to elsewhere in this report.

Principal activities

The principal activity of the group during the year was the operation of an online retail marketplace.

No significant change in the nature of these activities occurred during the year.

After balance date events

The World Health Organisation declared a pandemic in relation to COVID-19 on 11 March 2020. As at the date of signing of these financial statements, the impact of the virus on the group remains unknown.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the group, the results of those operations, or the state of affairs of the group in future financial years.

Likely developments

The group expects to maintain the present status and level of operations.

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DIRECTOR'S REPORT

Environmental regulation

The group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Dividends paid, recommended and declared

No dividends were paid or declared since the start of the year. No recommendation for payment of dividends has been made.

Options

No options over unissued shares or interests in the group were granted during or since the end of the year and there were no options outstanding at the end of the year.

Indemnification of officers

No indemnities have been given or insurance premiums paid, during or since the end of the year, for any person who is or has been an officer of the group.


Indemnification of auditors

No indemnities have been given or insurance premiums paid, during or since the end of the year, for any person who is or has been an auditor of the group.

Proceedings on behalf of the group

No person has applied for leave of Court to bring proceedings on behalf of the group or intervene in any proceedings to which the group is a party for the purpose of taking responsibility on behalf of the group for all or any part of those proceedings.

Signed on behalf of the Director.

Director: 

Sean Senvirtne

Date: 05 / 05 / 2020

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 \$	2018 \$
Revenue and other income			
Revenue from contracts with customers	4	4,961,221	4,853,675
Other revenue	5	<u>439,663</u>	<u>876,494</u>
		<u>5,400,884</u>	<u>5,730,169</u>
Less: expenses			
Advertising expense		(1,835,033)	(2,097,990)
Depreciation and amortisation expense	6	(90,290)	(90,127)
Employee benefits expense	6	(2,217,709)	(3,239,348)
Finance costs	6	(1,856)	(4,285)
Merchant fees		(442,598)	(459,348)
Occupancy expense		(210,524)	(141,638)
Professional fees		(225,704)	(286,788)
Software expenses		(507,608)	(412,632)
Other expenses		<u>(287,311)</u>	<u>(271,742)</u>
		<u>(5,818,633)</u>	<u>(7,003,898)</u>
Loss before income tax expense		(417,749)	(1,273,729)
Income tax expense	7	<u>-</u>	<u>-</u>
Net loss from continuing operations		<u>(417,749)</u>	<u>(1,273,729)</u>
Other comprehensive income for the year		<u>-</u>	<u>-</u>
Total comprehensive loss		<u>(417,749)</u>	<u>(1,273,729)</u>

The accompanying notes form part of these financial statements.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	2019 \$	2018 \$
Current assets			
Cash and cash equivalents	8	2,357,702	2,291,037
Receivables	9	813,412	700,439
Inventories	10	1,389	13,908
Other assets	11	<u>204,159</u>	<u>87,614</u>
Total current assets		<u>3,376,662</u>	<u>3,092,998</u>
Non-current assets			
Intangible assets	12	32,586	53,524
Plant and equipment	13	<u>62,500</u>	<u>102,773</u>
Total non-current assets		<u>95,086</u>	<u>156,297</u>
Total assets		<u>3,471,748</u>	<u>3,249,295</u>
Current liabilities			
Payables	14	2,199,388	1,442,891
Borrowings	15	52,597	41,648
Provisions	16	121,200	133,343
Other liabilities	17	<u>877,882</u>	<u>982,140</u>
Total current liabilities		<u>3,251,067</u>	<u>2,600,022</u>
Non-current liabilities			
Provisions	16	<u>12,188</u>	<u>23,031</u>
Total non-current liabilities		<u>12,188</u>	<u>23,031</u>
Total liabilities		<u>3,263,255</u>	<u>2,623,053</u>
Net assets		<u>208,493</u>	<u>626,242</u>
Equity			
Share capital	18	5,150,102	5,150,102
Accumulated losses	19	<u>(4,941,609)</u>	<u>(4,523,860)</u>
Total equity		<u>208,493</u>	<u>626,242</u>

The accompanying notes form part of these financial statements.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Contributed equity \$	Retained earnings \$	Total equity \$
Consolidated			
Balance as at 1 July 2017	5,150,102	(3,250,131)	1,899,971
Loss for the year	<u>-</u>	<u>(1,273,729)</u>	<u>(1,273,729)</u>
Total comprehensive income for the year	<u>-</u>	<u>(1,273,729)</u>	<u>(1,273,729)</u>
Balance as at 30 June 2018	<u><u>5,150,102</u></u>	<u><u>(4,523,860)</u></u>	<u><u>626,242</u></u>
Balance as at 1 July 2018	5,150,102	(4,523,860)	626,242
Loss for the year	<u>-</u>	<u>(417,749)</u>	<u>(417,749)</u>
Total comprehensive income for the year	<u>-</u>	<u>(417,749)</u>	<u>(417,749)</u>
Balance as at 30 June 2019	<u><u>5,150,102</u></u>	<u><u>(4,941,609)</u></u>	<u><u>208,493</u></u>

The accompanying notes form part of these financial statements.

E-COM (AUS) PTY LTD AND CONTROLLED ENTITY
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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 \$	2018 \$
Cash flow from operating activities			
Receipts from customers		41,371,115	44,988,498
Payments to suppliers and employees		(41,317,281)	(47,682,168)
Interest received		32,817	68,352
Interest paid		<u>(1,856)</u>	<u>(4,285)</u>
Net cash provided by / (used in) operating activities	20(b)	<u>84,795</u>	<u>(2,629,603)</u>
Cash flow from investing activities			
Payment for plant and equipment		(6,529)	(6,096)
Payment for intangibles		<u>(22,550)</u>	<u>(98,418)</u>
Net cash used in investing activities		<u>(29,079)</u>	<u>(104,514)</u>
Cash flow from financing activities			
Repayment of borrowings		<u>(13,637)</u>	<u>(11,955)</u>
Net cash used in financing activities		<u>(13,637)</u>	<u>(11,955)</u>
Reconciliation of cash			
Cash at beginning of the financial year		2,287,945	5,034,017
Net increase / (decrease) in cash held		<u>42,079</u>	<u>(2,746,072)</u>
Cash at end of financial year	20(a)	<u><u>2,330,024</u></u>	<u><u>2,287,945</u></u>

The accompanying notes form part of these financial statements.

E-COM (AUS) PTY LTD AND CONTROLLED ENTITY
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Interpretations and other applicable authoritative pronouncements of the Australian Accounting Standards Board.

The financial report covers E-Com (Aus) Pty Ltd and its consolidated entity. E-Com (Aus) Pty Ltd is a company limited by shares, incorporated and domiciled in Australia. E-Com (Aus) Pty Ltd is a for-profit entity for the purpose of preparing the financial statements.

The financial report was approved by the director as at the date of the director's report.

The following are the significant accounting policies adopted by the group in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of preparation of the financial report

Compliance with IFRS

The financial report also complies with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

(b) Going concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The group incurred a loss from ordinary activities of \$417,749 during the year ended 30 June 2019 (2018: loss \$1,273,729).

At 30 June 2019 the group has net assets of \$208,493 (2018: \$626,242).

At 30 June 2019 the group has cash and cash equivalents of \$2,357,702 (2018: \$2,291,037).

Subsequent to 30 June 2019, the group has traded profitably. For the half-year ended 31 December 2019, the group recorded a profit before income tax expense of \$199,616 (unaudited) and had net assets of \$982,936 (unaudited) as at that date.

The director has concluded that the going concern basis is appropriate based on analysis of the group's recent performance and internal forecasts for the next 12 months from the signing of the director's report. Forecasts indicate the group will be profitable and will have sufficient cash to pay its debts as and when they fall due. These forecasts contain certain assumptions in relation to the expected future revenue and profitability of the group.

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Principles of consolidation

The consolidated financial statements are those of the consolidated entity ("the group"), comprising the financial statements of the parent entity and all of the entities the parent controls. The group controls an entity where it has the power, for which the parent has exposure or rights to variable returns from its involvement with the entity, and for which the parent has the ability to use its power over the entity to affect the amount of its returns.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies which may exist.

All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation. Subsidiaries are consolidated from the date on which control is transferred to the group and are de-recognised from the date that control ceases.

(d) Revenue from contracts with customers

The group derives revenue from the commission on sale of goods, advertising services and subscription fees.

Revenue is recognised as, or when, goods or services are transferred to the customer, and is measured at an amount that reflects the consideration to which the group expects to be entitled in exchange for the goods or services.

Receivables from contracts with customers

A receivable from a contract with a customer represents the group's unconditional right to consideration arising from the transfer of goods or services to the customer (i.e., only the passage of time is required before payment of the consideration is due). Subsequent to initial recognition, receivables from contracts with customers are measured at amortised cost and are tested for impairment.

(e) Other revenue and other income

Government grants

Government grants, including Research and Development Incentives, are recognised when the grant income can be reliably measured and the conditions attached to them, if any, have been completed.

Interest

Interest revenue is measured in accordance with the effective interest method.

All revenue is measured net of the amount of goods and services tax (GST).

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Income tax

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities are settled. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not recognised if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

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.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(g) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

(i) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value adjusted for transaction costs, except where the instrument is classified as fair value through profit or loss, in which case transaction costs are immediately recognised as expenses in profit or loss.

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Financial instruments (Continued)

Classification of financial assets

Financial assets recognised by the group are subsequently measured in their entirety at either amortised cost or fair value, subject to their classification and whether the group irrevocably designates the financial asset on initial recognition at fair value through other comprehensive income (FVtOCI) in accordance with the relevant criteria in AASB 9.

Financial assets not irrevocably designated on initial recognition at FVtOCI are classified as subsequently measured at amortised cost, FVtOCI or fair value through profit or loss (FVtPL) on the basis of both:

- (a) the group's business model for managing the financial assets; and
- (b) the contractual cash flow characteristics of the financial asset.

Classification of financial liabilities

Financial liabilities classified as held-for-trading, contingent consideration payable by the group for the acquisition of a business, and financial liabilities designated at FVtPL, are subsequently measured at fair value.

All other financial liabilities recognised by the group are subsequently measured at amortised cost.

Trade and other receivables

Trade and other receivables arise from the group's transactions with its customers and are normally settled within 30 days.

Consistent with both the group's business model for managing the financial assets and the contractual cash flow characteristics of the assets, trade and other receivables are subsequently measured at amortised cost.

Impairment of financial assets

The following financial assets are tested for impairment by applying the 'expected credit loss' impairment model:

- (a) debt instruments measured at amortised cost;
- (b) debt instruments classified at fair value through other comprehensive income; and
- (c) receivables from contracts with customers, contract assets and lease receivables.

The group applies the simplified approach under AASB 9 to measuring the allowance for credit losses for receivables from contracts with customers, contract assets and lease receivables. Under the AASB 9 simplified approach, the group determines the allowance for credit losses for receivables from contracts with customers, contract assets and lease receivables on the basis of the lifetime expected credit losses of the financial asset. Lifetime expected credit losses represent the expected credit losses that are expected to result from default events over the expected life of the financial asset.

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Financial instruments (Continued)

For all other financial assets subject to impairment testing, when there has been a significant increase in credit risk since the initial recognition of the financial asset, the allowance for credit losses is recognised on the basis of the lifetime expected credit losses. When there has not been an increase in credit risk since initial recognition, the allowance for credit losses is recognised on the basis of 12-month expected credit losses. '12-month expected credit losses' is the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The group consider a range of information when assessing whether the credit risk has increased significantly since initial recognition. This includes such factors as the identification of significant changes in external market indicators of credit risk, significant adverse changes in the financial performance or financial position of the counterparty, significant changes in the value of collateral, and past due information.

The group assumes that the credit risk on a financial asset has not increased significantly since initial recognition when the financial asset is determined to have a low credit risk at the reporting date. The group considers a financial asset to have a low credit risk when the counterparty has an external 'investment grade' credit rating (if available) of BBB or higher, or otherwise is assessed by the group to have a strong financial position and no history of past due amounts from previous transactions with the group.

The group assumes that the credit risk on a financial instrument has increased significantly since initial recognition when contractual payments are more than 30 days past due.

The group determines expected credit losses using a provision matrix based on the group's historical credit loss experience, adjusted for factors that are specific to the financial asset as well as current and future expected economic conditions relevant to the financial asset. When material, the time value of money is incorporated into the measurement of expected credit losses. There has been no change in the estimation techniques or significant assumptions made during the reporting period.

The group has identified contractual payments more than 90 days past due as default events for the purpose of measuring expected credit losses. These default events have been selected based on the group's historical experience. Because contract assets are directly related to unbilled work in progress, contract assets have a similar credit risk profile to receivables from contracts with customers. Accordingly, the group applies the same approach to measuring expected credit losses of receivables from contracts with customers as it does to measuring impairment losses on contract assets.

The measurement of expected credit losses reflects the group's 'expected rate of loss', which is a product of the probability of default and the loss given default, and its 'exposure at default', which is typically the carrying amount of the relevant asset. Expected credit losses are measured as the difference between all contractual cash flows due and all contractual cash flows expected based on the group's exposure at default, discounted at the financial asset's original effective interest rate.

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Financial instruments (Continued)

Financial assets are regarded as 'credit-impaired' when one or more events have occurred that have a detrimental impact on the estimated future cash flows of the financial asset. Indicators that a financial asset is 'credit-impaired' include observable data about the following:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) breach of contract;
- (c) the lender, for economic or contractual reasons relating to the borrower's financial difficulty, has granted concessions to the borrower that the lender would not otherwise consider; or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

The gross carrying amount of a financial asset is written off (i.e., reduced directly) when the counterparty is in severe financial difficulty and the group has no realistic expectation of recovery of the financial asset. Financial assets written off remain subject to enforcement action by the group. Recoveries, if any, are recognised in profit or loss.

(j) Plant and equipment

Each class of plant and equipment is measured at cost or fair value less, where applicable, any accumulated depreciation and any accumulated impairment losses.

Plant and equipment

Plant and equipment is measured at cost, less accumulated depreciation and any accumulated impairment losses.

Depreciation

The depreciable amount of all plant and equipment is depreciated over their estimated useful lives commencing from the time the asset is held available for use, consistent with the estimated consumption of the economic benefits embodied in the asset.

Class of fixed asset	Depreciation rates	Depreciation basis
Motor vehicles at cost	20%	Straight line
Office equipment at cost	25%	Straight line
Computer equipment at cost	33%	Straight line

(k) Intangible assets

Separately acquired intangible assets

Except for indefinite useful life intangible assets, which are not amortised but are tested annually for impairment, separately acquired intangible assets are recognised at cost and amortised over their estimated useful lives commencing from the time the asset is available for use. The amortisation method applied to an intangible asset is consistent with the estimated consumption of economic benefits of the asset. Subsequent to initial recognition, separately acquired intangible assets are measured at cost, less accumulated amortisation (where applicable) and any accumulated impairment losses.

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Finance leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the group are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the fair value or, if lower, the present value of the minimum lease payments, including any guaranteed residual values. The interest expense is calculated using the interest rate implicit in the lease, if this is practicable to determine; if not, the group's incremental borrowing rate is used. Interest expense on finance leases is included in finance costs in the statement of profit or loss. Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the group will obtain ownership of the asset, or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period in accordance with the effective interest method.

Operating leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as an expense on a straight-line basis over the term of the lease.

Lease incentives received under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(m) Employee benefits

(i) Short-term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave and other employee benefits (other than termination benefits) expected to be settled wholly before twelve months after the end of the reporting period are measured at the (undiscounted) amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables in the consolidated statement of financial position.

(ii) Long-term employee benefit obligations

The provision for other long-term employee benefits, including obligations for long service leave and annual leave, which are not expected to be settled wholly before twelve months after the end of the reporting period, are measured at the present value of the estimated future cash outflow to be made in respect of the services provided by employees up to the reporting date. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee turnover, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. For currencies in which there is no deep market in such high quality corporate bonds, the market yields (at the end of the reporting period) on government bonds denominated in that currency are used. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the change occurs.

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Employee benefits (Continued)

Other long-term employee benefit obligations are presented as current liabilities in the consolidated statement of financial position if the group does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur. All other long-term employee benefit obligations are presented as non-current liabilities in the consolidated statement of financial position.

(iii) Retirement benefit obligations

Defined contribution superannuation plan

The group makes superannuation contributions to the employee's defined contribution superannuation plan of choice in respect of employee services rendered during the year. These superannuation contributions are recognised as an expense in the same period when the related employee services are received. The group's obligation with respect to employee's defined contributions entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the consolidated statement of financial position.

(n) Goods and services tax (GST)

Revenues, expenses and purchased assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the consolidated statement of financial position are shown inclusive of GST.

Cash flows are presented in the consolidated statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(o) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) New and revised accounting standards effective at 30 June 2019

The group has applied all new and revised Australian Accounting Standards that apply to annual reporting periods beginning on or after 1 July 2018, including AASB 9 *Financial Instruments* (AASB 9) and AASB 15 *Revenue from Contracts with Customers* (AASB 15).

AASB 9 Financial Instruments

AASB 9 replaces AASB 139: *Financial Instruments: Recognition and Measurement*. The key changes introduced by AASB 9 in relation to the accounting treatment for financial instruments include:

- simplifying the general classifications of financial assets into those measured at amortised cost and those measured at fair value;
- permitting entities to irrevocably elect, on initial recognition, for gains and losses on equity instruments not held for trading to be presented in other comprehensive income (OCI);
- simplifying the requirements for embedded derivatives, including removing the requirement to separate and measure embedded derivatives at fair value, in relation to embedded derivatives associated with financial assets measured at amortised cost;
- requiring entities that elect to measure financial liabilities at fair value, to present the portion of the change in fair value arising from changes in the entity's own credit risk in OCI, except when it would create an 'accounting mismatch';
- introducing a new model for hedge accounting that permits greater flexibility in the ability to hedge risk, particularly with respect to non-financial items; and
- Introducing a new 'expected credit loss' impairment model (replacing the 'incurred loss' impairment model of previous accounting standard).

In accordance with the transition requirements of AASB 9, the group has elected to apply AASB 9 retrospectively to each prior reporting period presented in the financial statements, with the cumulative impact, if any, of initially applying the new standard recognised as at the beginning of the earliest prior period presented (i.e., as at 1 July 2017). The group has also applied to consequential amendments to AASB 7 *Financial Instruments: Disclosure* to the disclosure of information about the Group's financial instruments for the current financial year, and the comparative reporting period.

The application of AASB 9 has not materially impacted the classification and measurement of the group's financial assets and financial liabilities.

Further details of the group's accounting policies in relation to accounting for financial instruments under AASB 9 are contained in note 1(i).

E-COM (AUS) PTY LTD AND CONTROLLED ENTITY
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) New and revised accounting standards effective at 30 June 2019 (Continued)

AASB 15 Revenue from Contracts with Customers

AASB 15 provides (other than in relation to some specific exceptions, such as lease contracts and insurance contracts) a single source of accounting requirements for all contracts with customers, thereby replacing all current accounting pronouncements on revenue. The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to a customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under the previous accounting standard, AASB 118 *Revenue*, revenue from the sale of goods was recognised when the significant risks and rewards of ownership of the goods transferred to the buyer, and revenue from the rendering of services was recognised by reference to the stage of completion of the transaction at the end of the reporting period.

In accordance with the transition requirements of AASB 15, the group has elected to apply AASB 15 retrospectively to each prior reporting period presented in the financial statements, with the cumulative impact, if any, of initially applying the new standard recognised as at the beginning of the earliest prior period presented (i.e., as at 1 July 2017).

The application of AASB 15 has not materially impacted the recognition and measurement of the group's revenue from contracts with customers.

Further details of the group's accounting policies in relation to accounting for revenue from contracts with customers under AASB 15 are contained in note 1(d).

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 2: ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the group. The group has decided not to early adopt any of these new and amended pronouncements. The group's assessment of the new and amended pronouncements that are relevant to the group but applicable in future reporting periods is set out below.

AASB 16: Leases (applicable for annual reporting periods commencing on or after 1 January 2019).

AASB 16 will replace AASB 117: *Leases* and introduces a single lessee accounting model that will require a lessee to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Right-of-use assets are initially measured at their cost and lease liabilities are initially measured on a present value basis. Subsequent to initial recognition:

- a. right-of-use assets are accounted for on a similar basis to non-financial assets, whereby the right-of-use asset is accounted for in accordance with a cost model unless the underlying asset is accounted for on a revaluation basis, in which case if the underlying asset is:
 - i. investment property, the lessee applies the fair value model in AASB 140: Investment Property to the right-of-use asset; or
 - ii. property, plant or equipment, the lessee can elect to apply the revaluation model in AASB 116: Property, Plant and Equipment to all of the right-of-use assets that relate to that class of property, plant and equipment; and
- b. lease liabilities are accounted for on a similar basis as other financial liabilities, whereby interest expense is recognised in respect of the liability and the carrying amount of the liability is reduced to reflect lease payments made.

AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, under AASB 16 a lessor would continue to classify its leases as operating leases or finance leases subject to whether the lease transfers to the lessee substantially all of the risks and rewards incidental to ownership of the underlying asset, and would account for each type of lease in a manner consistent with the current approach under AASB 117.

The director of the group has undertaken an assessment of the initial impact on adoption of this standard and expects the following:

- The group to utilise the modified retrospective method, whereby the lease liability, and right-of-use asset, will be measured at the present value of the remaining lease payments as at 1 July 2019, discounted at the group's incremental borrowing rate. Comparative information will not be adjusted.
- The recognition of a lease liability, and corresponding right-of-use asset, of \$437,446,
- The application of AASB 16 will not result in a material impact on the profit or loss of the Group, as the aggregate of the estimated interest and depreciation expense in the first year of application is not expected to differ materially from the aggregate lease payments had the lease been accounted for under the predecessor accounting standard, and
- The overall impact on the consolidated statement of cashflows is expected to be \$NIL, however lease payments will be reclassified to financing activities from operating activities.

NOTE 3: SEGMENT REPORTING

The group has only one operating segment.

E-COM (AUS) PTY LTD AND CONTROLLED ENTITY
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
NOTE 4: REVENUE FROM CONTRACTS WITH CUSTOMERS		
Revenue from contracts with customers		
<i>Revenue recognised at a point in time:</i>		
Sales commission	4,419,133	4,772,838
<i>Revenue recognised over time:</i>		
Advertising income	458,604	80,837
Subscription fee income	<u>83,484</u>	<u>-</u>
	<u>542,088</u>	<u>80,837</u>
	<u><u>4,961,221</u></u>	<u><u>4,853,675</u></u>
NOTE 5: OTHER REVENUE AND OTHER INCOME		
Other revenue		
Interest income	32,817	68,352
Research and development tax incentive		
FY2019	406,846	-
FY2018	-	575,944
FY2017	<u>-</u>	<u>232,198</u>
	<u>406,846</u>	<u>808,142</u>
	<u><u>439,663</u></u>	<u><u>876,494</u></u>
NOTE 6: OPERATING PROFIT		
Losses before income tax has been determined after:		
Finance costs	1,856	4,285
Depreciation	46,802	45,233
Amortisation	43,488	44,894
Bad debts	13,151	12,241
Operating lease expenses	194,935	145,847
Employee benefits	2,217,709	3,239,348
Loss on disposal of plant and equipment	-	2,163
Remuneration of auditors for:		
<i>Pitcher Partners (Melbourne)</i>		
Audit and assurance services	25,500	24,000

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
NOTE 7: INCOME TAX		
(a) Components of tax expense		
Current tax	-	-
Deferred tax	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
(b) Income tax reconciliation		
The prima facie tax payable on profit before income tax is reconciled to the income tax expense as follows:		
Prima facie income tax payable on profit before income tax at 27.5% (2018: 27.5%)	(114,881)	(350,275)
Add tax effect of:		
- Other non-allowable items	11,979	19,293
- Research and development expenditure	257,201	364,102
- Deferred tax assets not recognised	<u>-</u>	<u>189,119</u>
	269,180	572,514
Less tax effect of:		
- Research and development tax incentive	111,883	222,239
- Deferred tax assets, previously not recognised, utilised	28,809	-
- Other differences	<u>13,607</u>	<u>-</u>
	<u>154,299</u>	<u>222,239</u>
Income tax expense attributable to profit	<u>-</u>	<u>-</u>
(c) Deferred tax assets not brought to account		
Temporary differences	6,303	(13,025)
Tax losses	<u>697,292</u>	<u>745,429</u>
	<u>703,595</u>	<u>732,404</u>
NOTE 8: CASH AND CASH EQUIVALENTS		
Cash on hand	102	102
Cash at bank	1,123,525	761,684
Cash on deposit	<u>1,234,075</u>	<u>1,529,251</u>
	<u>2,357,702</u>	<u>2,291,037</u>

E-COM (AUS) PTY LTD AND CONTROLLED ENTITY
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
NOTE 9: RECEIVABLES		
CURRENT		
Receivables from contracts with customers	406,566	124,495
Research and development tax incentive	<u>406,846</u>	<u>575,944</u>
	<u><u>813,412</u></u>	<u><u>700,439</u></u>
NOTE 10: INVENTORIES		
CURRENT		
<i>At cost</i>		
Finished goods	<u>1,389</u>	<u>13,908</u>
NOTE 11: OTHER ASSETS		
CURRENT		
Prepayments	194,003	77,458
Other current assets	<u>10,156</u>	<u>10,156</u>
	<u><u>204,159</u></u>	<u><u>87,614</u></u>
NOTE 12: INTANGIBLE ASSETS		
Software at cost	95,398	98,418
Accumulated amortisation	<u>(62,812)</u>	<u>(44,894)</u>
	<u><u>32,586</u></u>	<u><u>53,524</u></u>
(a) Reconciliations		
Reconciliation of the carrying amounts of intangible assets at the beginning and end of the current financial year		
<i>Software at cost</i>		
Opening balance	53,524	-
Additions	22,550	98,418
Amortisation	<u>(43,488)</u>	<u>(44,894)</u>
Closing balance	<u><u>32,586</u></u>	<u><u>53,524</u></u>

E-COM (AUS) PTY LTD AND CONTROLLED ENTITY
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
NOTE 13: PLANT AND EQUIPMENT		
Plant and equipment		
Motor vehicles at cost	70,835	70,835
Accumulated depreciation	<u>(38,482)</u>	<u>(24,323)</u>
	32,353	46,512
Office equipment at cost	39,463	34,659
Accumulated depreciation	<u>(28,276)</u>	<u>(17,551)</u>
	11,187	17,108
Computer equipment at cost	88,540	86,815
Accumulated depreciation	<u>(69,580)</u>	<u>(47,662)</u>
	<u>18,960</u>	<u>39,153</u>
Total plant and equipment	<u><u>62,500</u></u>	<u><u>102,773</u></u>
(a) Reconciliations		
Reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year		
<i>Motor vehicles</i>		
Opening carrying amount	46,512	60,671
Depreciation expense	<u>(14,159)</u>	<u>(14,159)</u>
Closing carrying amount	<u><u>32,353</u></u>	<u><u>46,512</u></u>
<i>Office equipment</i>		
Opening carrying amount	17,108	25,821
Additions	4,804	-
Depreciation expense	<u>(10,725)</u>	<u>(8,713)</u>
Closing carrying amount	<u><u>11,187</u></u>	<u><u>17,108</u></u>
<i>Computer equipment</i>		
Opening carrying amount	39,153	57,581
Additions	1,725	6,096
Disposals	-	(2,163)
Depreciation expense	<u>(21,918)</u>	<u>(22,361)</u>
Closing carrying amount	<u><u>18,960</u></u>	<u><u>39,153</u></u>
<i>Total plant and equipment</i>		
Carrying amount at 1 July	102,773	144,073
Additions	6,529	6,096
Disposals	-	(2,163)
Depreciation expense	<u>(46,802)</u>	<u>(45,233)</u>
Carrying amount at 30 June	<u><u>62,500</u></u>	<u><u>102,773</u></u>

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
NOTE 14: PAYABLES		
CURRENT		
<i>Unsecured liabilities</i>		
Trade creditors	1,921,747	1,273,096
Sundry creditors and accruals	<u>277,641</u>	<u>169,795</u>
	<u><u>2,199,388</u></u>	<u><u>1,442,891</u></u>
NOTE 15: BORROWINGS		
CURRENT		
<i>Unsecured liabilities</i>		
Bank overdraft	<u>27,678</u>	<u>3,092</u>
<i>Secured liabilities</i>		
Finance lease liability	<u>24,919</u>	<u>38,556</u>
	<u><u>52,597</u></u>	<u><u>41,648</u></u>
(a) Assets pledged as security		
The finance lease liability is secured by the motor vehicle financed.		
NOTE 16: PROVISIONS		
CURRENT		
Employee benefits	(a) <u>121,200</u>	<u>133,343</u>
NON CURRENT		
Employee benefits	(a) <u>12,188</u>	<u>23,031</u>
(a) Aggregate employee benefits liability	133,388	156,374
NOTE 17: OTHER LIABILITIES		
CURRENT		
Customer deposits received in advance	<u>877,882</u>	<u>982,140</u>

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	2019 \$	2018 \$
NOTE 18: SHARE CAPITAL		
Issued and paid-up capital		
131,788,966 (2018: 131,788,966) Ordinary shares	<u>5,150,102</u>	<u>5,150,102</u>

Rights of each type of share

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Capital management

When managing capital, management's objective is to ensure the group continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. This is achieved through the monitoring of historical and forecast performance and cash flows.

During 2019, management paid dividends of \$NIL (2018: \$NIL)

NOTE 19: ACCUMULATED LOSSES

Accumulated losses at beginning of year	(4,523,860)	(3,250,131)
Net loss	<u>(417,749)</u>	<u>(1,273,729)</u>
	<u>(4,941,609)</u>	<u>(4,523,860)</u>

E-COM (AUS) PTY LTD AND CONTROLLED ENTITY
ABN: 60 150 104 715

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
NOTE 20: CASH FLOW INFORMATION		
(a) Reconciliation of cash		
Cash at the end of the financial year as shown in the consolidated statement of cash flows is reconciled to the related items in the consolidated statement of financial position is as follows:		
Cash on hand	102	102
Cash at bank	1,123,525	761,684
Cash on deposit	1,234,075	1,529,251
Bank overdrafts	<u>(27,678)</u>	<u>(3,092)</u>
	<u><u>2,330,024</u></u>	<u><u>2,287,945</u></u>
(b) Reconciliation of cash flow from operations with profit after income tax		
Loss from ordinary activities after income tax	(417,749)	(1,273,729)
Adjustments and non-cash items		
Amortisation	43,488	44,894
Depreciation	46,802	45,233
Loss on disposal of plant and equipment	-	2,163
Changes in operating assets and liabilities		
(Increase) / decrease in receivables	(112,973)	(673,477)
(Increase) / decrease in other assets	(116,545)	(77,458)
(Increase) / decrease in inventories	12,519	(13,908)
Increase / (decrease) in payables	756,497	(685,277)
Increase / (decrease) in other liabilities	(104,258)	96,616
Increase / (decrease) in provisions	<u>(22,986)</u>	<u>(94,660)</u>
Cash flows from operating activities	<u><u>84,795</u></u>	<u><u>(2,629,603)</u></u>

NOTE 21: CONTINGENT LIABILITIES

A contingent liability exists for possible future claims which may be made against the group.

Estimates of the maximum amounts of contingent liabilities that may become payable:

Bank guarantees over rental properties	<u>60,702</u>	<u>60,702</u>
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E-COM (AUS) PTY LTD AND CONTROLLED ENTITY
ABN: 60 150 104 715

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$

NOTE 22: CAPITAL AND LEASING COMMITMENTS

(a) Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements:

Rental commitments

- not later than one year	149,579	142,123
- later than one year and not later than five years	<u>322,279</u>	<u>-</u>
	<u>471,858</u>	<u>142,123</u>

NOTE 23: KEY MANAGEMENT PERSONNEL COMPENSATION

Compensation received by key management personnel of the group

- short-term employee benefits	21,885	41,667
- post-employment benefits	2,079	3,958
- other long-term benefits	-	-
- termination benefits	-	-
- share-based payments	<u>-</u>	<u>-</u>
	<u>23,964</u>	<u>45,625</u>

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the group, directly or indirectly.

The name of the director and key management personal who has held office during the year is:

Name

Sean Senvirtne

NOTE 24: RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

There were no other transactions with related parties outside of those identified at Note 23: Key Management Personnel Compensation.

E-COM (AUS) PTY LTD AND CONTROLLED ENTITY
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 25: FINANCIAL RISK MANAGEMENT

The group is exposed to the following financial risks in respect to the financial instruments that it held at the end of the reporting period:

- (a) Credit risk
- (b) Liquidity risk

The Director has overall responsibility for identifying and managing operational and financial risks.

The group holds the following financial instruments:

	2019	2018
	\$	\$
Financial assets		
<i>Amortised cost</i>		
- Cash and cash equivalents	2,357,702	2,291,037
- Receivables	<u>813,412</u>	<u>700,439</u>
	<u>3,171,114</u>	<u>2,991,476</u>
Financial liabilities		
<i>Amortised cost</i>		
- Payables	2,199,388	1,442,891
- Borrowings	<u>52,597</u>	<u>41,648</u>
	<u>2,251,985</u>	<u>1,484,539</u>

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The maximum exposure to credit risk at balance date of recognised financial assets is the carrying amount of those assets, net of any provisions for impairment of those assets, as disclosed in consolidated statement of financial position and notes to financial statements. The group does not hold any collateral.

Except for the Research and Development Incentives receivable from the Australian Tax Office, the group does not have any material credit risk exposure to any single counterparty or group of counterparties under financial instruments entered into by the group.

(i) Cash deposits

Credit risk for cash deposits is managed by holding all cash deposits with major Australian banks.

(ii) Trade receivables and other receivables

Credit risk for receivables from contracts with customers is managed by transacting with a large number of customers, undertaking credit checks for all new customers and setting credit limits for all customers commensurate with their assessed credit risk. Outstanding receivables are regularly monitored for payment in accordance with credit terms.

E-COM (AUS) PTY LTD AND CONTROLLED ENTITY
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 25: FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Liquidity risk management requires the group to maintain sufficient liquid assets (i.e. cash and cash equivalents) to be able to pay debts as and when they become due and payable.

The following table outlines the group's remaining contractual maturities for non-derivative financial instruments. The amounts presented in the table are the undiscounted contractual cash flows of the financial liabilities, allocated to time bands based on the earliest date on which the group can be required to pay.

Year ended 30 June 2019	< 6 months	6-12 months	1-5 years	Total contractual cash flows	Carrying amount
	\$	\$	\$	\$	\$
Cash and cash equivalents	2,357,702	-	-	2,357,702	2,357,702
Receivables	813,412	-	-	813,412	813,412
Payables	(2,199,388)	-	-	(2,199,388)	(2,199,388)
Borrowings	<u>(52,597)</u>	<u>-</u>	<u>-</u>	<u>(52,597)</u>	<u>(52,597)</u>
Net maturities	<u>919,129</u>	<u>-</u>	<u>-</u>	<u>919,129</u>	<u>919,129</u>
Year ended 30 June 2018					
Cash and cash equivalents	2,291,037	-	-	2,291,037	2,291,037
Receivables	700,439	-	-	700,439	700,439
Payables	(1,442,891)	-	-	(1,442,891)	(1,442,891)
Borrowings	<u>(41,648)</u>	<u>-</u>	<u>-</u>	<u>(41,648)</u>	<u>(41,648)</u>
Net maturities	<u>1,506,937</u>	<u>-</u>	<u>-</u>	<u>1,506,937</u>	<u>1,506,937</u>

E-COM (AUS) PTY LTD AND CONTROLLED ENTITY
ABN: 60 150 104 715

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$

NOTE 26: PARENT ENTITY DETAILS

Summarised presentation of the parent entity, E-Com (Aus) Pty Ltd, financial statements:

(a) Summarised consolidated statement of financial position

Assets

Current assets	3,378,894	3,079,281
Non-current assets	<u>110,660</u>	<u>156,397</u>
Total assets	<u>3,489,554</u>	<u>3,235,678</u>

Liabilities

Current liabilities	3,251,067	2,585,945
Non-current liabilities	<u>12,188</u>	<u>23,031</u>
Total liabilities	<u>3,263,255</u>	<u>2,608,976</u>
Net assets	<u>226,299</u>	<u>626,702</u>

Equity

Share capital	5,150,102	5,150,102
Accumulated losses	<u>(4,923,803)</u>	<u>(4,523,400)</u>
Total equity	<u>226,299</u>	<u>626,702</u>

(b) Summarised consolidated statement of profit or loss and other comprehensive income

Loss for the year	(400,403)	(1,273,269)
Other comprehensive income for the year	<u>-</u>	<u>-</u>
Total comprehensive loss for the year	<u>(400,403)</u>	<u>(1,273,269)</u>

NOTE 27: INTERESTS IN SUBSIDIARIES

(a) Subsidiaries

The following are the group's significant subsidiaries:

Subsidiaries of E-Com (Aus) Pty Ltd:	Country of incorporation	Ownership interest held by the group	
		2019	2018
		%	%
Duke Living Pty Ltd	Australia	100	100

E-COM (AUS) PTY LTD AND CONTROLLED ENTITY
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 28: EVENTS SUBSEQUENT TO REPORTING DATE

Except for the COVID-19 pandemic declared by the World Health Organisation on 11 March 2020, of which the impact on the business cannot be determined at this time, there has been no matter or circumstance, which has arisen since 30 June 2019 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2019, of the group, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 30 June 2019, of the group.

NOTE 29: ENTITY DETAILS

The registered office of the group is:

E-Com (Aus) Pty Ltd
Level 1, 446 Collins Street
Melbourne Victoria 3000


E-COM (AUS) PTY LTD AND CONTROLLED ENTITY
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DIRECTOR'S DECLARATION

The director of the company declares that:

1. The financial statements and notes, as set out on pages 3 - 29 presents fairly the company's financial position as at 30 June 2019 and performance for the year ended on that date of the company in accordance with Accounting Standards in Australia and other mandatory professional reporting requirements in Australia.
2. In the director's 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.
3. As stated in note 1, the financial statements also comply with *International Financial Reporting Standards*.

This declaration is made in accordance with a resolution of the director.

Director: 
Sean Senvirtne

Date: 05 / 05 / 2020

E-COM (AUS) PTY LTD AND CONTROLLED ENTITY
ABN: 60 150 104 715

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBER OF E-COM (AUS) PTY LTD

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of E-Com (Aus) Pty Ltd "the company" and its subsidiaries, "the group", which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the director's declaration.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the group as at 30 June 2019, and its financial performance and its cash flows for the year then ended in accordance with the financial reporting requirements of Australian Accounting Standards.

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 ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* "the Code" that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with the financial reporting requirements of the applicable legislation and for such internal control as management determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the group's financial reporting process.

E-COM (AUS) PTY LTD AND CONTROLLED ENTITY
ABN: 60 150 104 715

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBER OF E-COM (AUS) PTY LTD**

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:

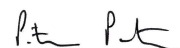
- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a 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 director.
- Conclude on the appropriateness of the director's 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.

We communicate with those charged with governance 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.



S SCHONBERG
Partner

Date: 6 May 2020



PITCHER PARTNERS
Melbourne

TITLE	Draft financial statements - 30 June 2019 - E-Com (Aus) Pty...
FILE NAME	Draft financial s... 23042020 (2).pdf
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E-Com (Aus) Pty Ltd and controlled entities

ABN: 60 150 104 715

Consolidated Financial Report

For the year ended 30 June 2020

Pitcher Partners

Level 13, 664 Collins Street, Docklands VIC 3008

p: +61 3 8610 5000

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E-COM (AUS) PTY LTD AND CONTROLLED ENTITIES

ABN: 60 150 104 715

DIRECTOR'S REPORT

The director presents this report together with the financial report of the group, being E-Com (Aus) Pty Ltd ("the company"), and its controlled entities, for the year ended 30 June 2020 and auditor's report thereon.

Directors names

The name of the director in office at any time during or since the end of the year is:

Sean Senvirtne

The director has been in office since the start of the year to the date of this report unless otherwise stated.

Results

The profit of the group for the year after providing for income tax amounted to \$849,232 (2019: loss \$417,749).

Review of operations

The group continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

Significant changes in state of affairs

There were no significant changes in the group's state of affairs that occurred during the financial year, other than those referred to elsewhere in this report.

Principal activities

The principal activity of the group during the year was the operation of an online retail marketplace.

No significant change in the nature of these activities occurred during the year.

After balance date events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the group, the results of those operations, or the state of affairs of the group in future financial years.

Likely developments

The group intends to undertake an Initial Public Offering.

E-COM (AUS) PTY LTD AND CONTROLLED ENTITIES

ABN: 60 150 104 715

DIRECTOR'S REPORT

Environmental regulation

The group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Dividends paid, recommended and declared

No dividends were paid or declared since the start of the year. No recommendation for payment of dividends has been made.

Options

No options over unissued shares or interests in the group were granted during or since the end of the year and there were no options outstanding at the end of the year.

Indemnification of officers

During or since the end of the year, the group has given indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums in order to indemnify the director of the group against all liabilities allowed under law.

Further disclosure required under section 300(9) of the *Corporations Act 2001* is prohibited under the terms of the contract.

Indemnification of auditors

No indemnities have been given or insurance premiums paid, during or since the end of the year, for any person who is or has been an auditor of the group.

Proceedings on behalf of the group

No person has applied for leave of Court to bring proceedings on behalf of the group or intervene in any proceedings to which the group is a party for the purpose of taking responsibility on behalf of the group for all or any part of those proceedings.

Signed on behalf of the Director.



Director: _____

Sean Senvirtne

Date: 26 / 08 / 2020

E-COM (AUS) PTY LTD AND CONTROLLED ENTITIES

ABN: 60 150 104 715

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020**

	Note	2020 \$	2019 \$
Revenue and other income			
Revenue from contracts with customers	3	15,335,680	4,961,221
Other revenue	4	<u>426,995</u>	<u>439,663</u>
		<u>15,762,675</u>	<u>5,400,884</u>
Less: expenses			
Advertising expense		(8,575,077)	(1,835,033)
Depreciation and amortisation expense	5	(286,228)	(90,290)
Employee benefits expense	5	(2,908,672)	(2,217,709)
Finance costs	5	(51,309)	(1,856)
Merchant fees		(1,472,908)	(442,598)
Occupancy expense		(74,496)	(210,524)
Professional fees		(480,537)	(225,704)
Software expenses		(1,147,345)	(507,608)
Other expenses		<u>(434,471)</u>	<u>(287,311)</u>
		<u>(15,431,043)</u>	<u>(5,818,633)</u>
Profit / (loss) before income tax benefit / (expense)		331,632	(417,749)
Income tax benefit / (expense)	6	<u>517,600</u>	<u>-</u>
Net profit / (loss) from continuing operations		<u>849,232</u>	<u>(417,749)</u>
Other comprehensive income			
Other comprehensive income for the year		<u>-</u>	<u>-</u>
Total comprehensive income / (loss)		<u>849,232</u>	<u>(417,749)</u>

The accompanying notes form part of these financial statements.

E-COM (AUS) PTY LTD AND CONTROLLED ENTITIES

ABN: 60 150 104 715

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

	Note	2020 \$	2019 \$
Current assets			
Cash and cash equivalents	7	16,808,955	2,357,702
Receivables	8	736,716	813,412
Inventories	9	384,981	1,389
Other assets	10	<u>782,408</u>	<u>204,159</u>
Total current assets		<u>18,713,060</u>	<u>3,376,662</u>
Non-current assets			
Lease assets	11	280,749	-
Deferred tax assets	6	550,120	-
Plant and equipment	12	69,395	62,500
Intangible assets	13	<u>219,967</u>	<u>32,586</u>
Total non-current assets		<u>1,120,231</u>	<u>95,086</u>
Total assets		<u>19,833,291</u>	<u>3,471,748</u>
Current liabilities			
Payables	14	13,694,627	2,199,388
Lease liabilities	11	152,326	-
Borrowings	15	12,667	52,597
Provisions	16	226,269	121,200
Current tax liabilities	6	32,520	-
Other liabilities	17	<u>1,385,635</u>	<u>877,882</u>
Total current liabilities		<u>15,504,044</u>	<u>3,251,067</u>
Non-current liabilities			
Lease liabilities	11	154,482	-
Borrowings	15	3,082,265	-
Provisions	16	<u>34,775</u>	<u>12,188</u>
Total non-current liabilities		<u>3,271,522</u>	<u>12,188</u>
Total liabilities		<u>18,775,566</u>	<u>3,263,255</u>
Net assets		<u>1,057,725</u>	<u>208,493</u>
Equity			
Share capital	18	5,150,102	5,150,102
Accumulated losses	19	<u>(4,092,377)</u>	<u>(4,941,609)</u>
Total equity		<u>1,057,725</u>	<u>208,493</u>

The accompanying notes form part of these financial statements.

E-COM (AUS) PTY LTD AND CONTROLLED ENTITIES
ABN: 60 150 104 715

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

	Contributed equity \$	Retained earnings \$	Total equity \$
Consolidated			
Balance as at 1 July 2018	5,150,102	(4,523,860)	626,242
Loss for the year	<u>-</u>	<u>(417,749)</u>	<u>(417,749)</u>
Total comprehensive income for the year	<u>-</u>	<u>(417,749)</u>	<u>(417,749)</u>
Balance as at 30 June 2019	<u><u>5,150,102</u></u>	<u><u>(4,941,609)</u></u>	<u><u>208,493</u></u>
Balance as at 1 July 2019	5,150,102	(4,941,609)	208,493
Profit for the year	<u>-</u>	<u>849,232</u>	<u>849,232</u>
Total comprehensive income for the year	<u>-</u>	<u>849,232</u>	<u>849,232</u>
Balance as at 30 June 2020	<u><u>5,150,102</u></u>	<u><u>(4,092,377)</u></u>	<u><u>1,057,725</u></u>

The accompanying notes form part of these financial statements.

E-COM (AUS) PTY LTD AND CONTROLLED ENTITIES

ABN: 60 150 104 715

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020**

	Note	2020	2019
		\$	\$
Cash flow from operating activities			
Receipts from customers		106,603,916	41,371,115
Payments to suppliers and employees		(94,611,324)	(41,317,281)
Interest received		22,080	32,817
Interest paid		<u>(104)</u>	<u>(1,856)</u>
Net cash provided by operating activities	20(b)	<u>12,014,568</u>	<u>84,795</u>
Cash flow from investing activities			
Payment for plant and equipment		(45,074)	(6,529)
Payment for intangibles		<u>(278,733)</u>	<u>(22,550)</u>
Net cash used in investing activities		<u>(323,807)</u>	<u>(29,079)</u>
Cash flow from financing activities			
Proceeds from borrowings		2,950,000	-
Repayment of borrowings		(24,919)	(13,637)
Principal portion of lease payments		<u>(149,578)</u>	<u>-</u>
Net cash provided by / (used in) financing activities		<u>2,775,503</u>	<u>(13,637)</u>
Reconciliation of cash			
Cash at beginning of the financial year		2,330,024	2,287,945
Net increase in cash held		<u>14,466,264</u>	<u>42,079</u>
Cash at end of financial year	20(a)	<u>16,796,288</u>	<u>2,330,024</u>

The accompanying notes form part of these financial statements.

E-COM (AUS) PTY LTD AND CONTROLLED ENTITIES
ABN: 60 150 104 715

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements, Interpretations and other applicable authoritative pronouncements of the Australian Accounting Standards Board.

The financial report covers E-Com (Aus) Pty Ltd and its consolidated entities. E-Com (Aus) Pty Ltd is a company limited by shares, incorporated and domiciled in Australia. E-Com (Aus) Pty Ltd is a for-profit entity for the purpose of preparing the financial statements.

The financial report was approved by the director as at the date of the director's report.

The following are the significant accounting policies adopted by the group in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of preparation of the financial report

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

(b) Going concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The group recorded a profit before income tax benefit of \$331,632 during the year ended 30 June 2020 (2019: loss \$417,749).

At 30 June 2020 the group has net assets of \$1,057,725 (2019: \$208,493).

At 30 June 2020 the group has cash and cash equivalents of \$16,808,955 (2019: \$2,357,702).

The director has concluded that the going concern basis is appropriate based on analysis of the group's recent performance and financial forecasts for the next 12 months from the signing of the director's report. Forecasts indicate the group will be profitable and will have sufficient cash to pay its debts as and when they fall due.

E-COM (AUS) PTY LTD AND CONTROLLED ENTITIES

ABN: 60 150 104 715

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Principles of consolidation

The consolidated financial statements are those of the consolidated entity ("the group"), comprising the financial statements of the parent entity and all of the entities the parent controls. The group controls an entity where it has the power, for which the parent has exposure or rights to variable returns from its involvement with the entity, and for which the parent has the ability to use its power over the entity to affect the amount of its returns.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies which may exist.

All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation. Subsidiaries are consolidated from the date on which control is transferred to the group and are de-recognised from the date that control ceases.

(d) Revenue from contracts with customers

Revenue from contracts with customers

The group derives revenue from the commission on sale of goods, sale of goods, advertising services and subscription fees.

Revenue is recognised as, or when, goods or services are transferred to the customer, and is measured at an amount that reflects the consideration to which the group expects to be entitled in exchange for the goods or services.

Receivables from contracts with customers

A receivable from a contract with a customer represents the group's unconditional right to consideration arising from the transfer of goods or services to the customer (i.e., only the passage of time is required before payment of the consideration is due). Subsequent to initial recognition, receivables from contracts with customers are measured at amortised cost and are tested for impairment.

(e) Other revenue and other income

Government grants

Government grants, including research and development incentives, are recognised when the grant income can be reliably measured and the conditions attached to them, if any, have been completed.

Interest

Interest revenue is measured in accordance with the effective interest method.

All revenue is measured net of the amount of goods and services tax (GST).

E-COM (AUS) PTY LTD AND CONTROLLED ENTITIES

ABN: 60 150 104 715

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Income tax

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities are settled. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not recognised if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

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.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(g) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

(i) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value adjusted for transaction costs, except where the instrument is classified as fair value through profit or loss, in which case transaction costs are immediately recognised as expenses in profit or loss.

E-COM (AUS) PTY LTD AND CONTROLLED ENTITIES
ABN: 60 150 104 715

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Financial instruments (Continued)

Classification of financial assets

Financial assets recognised by the group are subsequently measured in their entirety at either amortised cost or fair value, subject to their classification and whether the group irrevocably designates the financial asset on initial recognition at fair value through other comprehensive income (FVtOCI) in accordance with the relevant criteria in AASB 9.

Financial assets not irrevocably designated on initial recognition at FVtOCI are classified as subsequently measured at amortised cost, FVtOCI or fair value through profit or loss (FVtPL) on the basis of both:

- (a) the group's business model for managing the financial assets; and
- (b) the contractual cash flow characteristics of the financial asset.

Classification of financial liabilities

Financial liabilities classified as held-for-trading, contingent consideration payable by the group for the acquisition of a business, and financial liabilities designated at FVtPL, are subsequently measured at fair value.

All other financial liabilities recognised by the group are subsequently measured at amortised cost.

Trade and other receivables

Trade and other receivables arise from the group's transactions with its customers and are normally settled within 30 days.

Consistent with both the group's business model for managing the financial assets and the contractual cash flow characteristics of the assets, trade and other receivables are subsequently measured at amortised cost.

Convertible notes

Convertible notes are debt instruments that can be converted into ordinary shares of the issuer, by the issuer, on maturity. The convertible notes are classified as financial liabilities in accordance with their contractual terms.

Impairment of financial assets

Receivables from contracts with customers are tested for impairment by applying the 'expected credit loss' impairment models.

The group applies the simplified approach under AASB 9 to measuring the allowance for credit losses for receivables from contracts with customers. Under the AASB 9 simplified approach, the group determines the allowance for credit losses for receivables from contracts with customers on the basis of the lifetime expected credit losses of the financial asset. Lifetime expected credit losses represent the expected credit losses that are expected to result from default events over the expected life of the financial asset.

E-COM (AUS) PTY LTD AND CONTROLLED ENTITIES

ABN: 60 150 104 715

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Leases

At the commencement date of a lease (other than leases of 12-months or less and leases of low value assets), the group recognises a lease asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

Lease assets

Lease assets are initially recognised at cost, comprising the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date of the lease, less any lease incentives received, any initial direct costs incurred by the group, and an estimate of costs to be incurred by the group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Subsequent to initial recognition, lease assets are measured at cost (adjusted for any remeasurement of the associated lease liability), less accumulated depreciation and any accumulated impairment loss.

Lease assets are depreciated over the shorter of the lease term and the estimated useful life of the underlying asset, consistent with the estimated consumption of the economic benefits embodied in the underlying asset.

Lease liabilities

Lease liabilities are initially recognised at the present value of the future lease payments (i.e., the lease payments that are unpaid at the commencement date of the lease). These lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or otherwise using the group's incremental borrowing rate.

Subsequent to initial recognition, lease liabilities are measured at the present value of the remaining lease payments (i.e., the lease payments that are unpaid at the reporting date). Interest expense on lease liabilities is recognised in profit or loss (presented as a component of finance costs). Lease liabilities are remeasured to reflect changes to lease terms, changes to lease payments and any lease modifications not accounted for as separate leases.

Variable lease payments not included in the measurement of lease liabilities are recognised as an expense when incurred.

Leases of 12-months or less and leases of low value assets

Lease payments made in relation to leases of 12-months or less and leases of low value assets (for which a lease asset and a lease liability has not been recognised) are recognised as an expense on a straight-line basis over the lease term.

E-COM (AUS) PTY LTD AND CONTROLLED ENTITIES
ABN: 60 150 104 715

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Plant and equipment

Each class of plant and equipment is measured at cost or fair value less, where applicable, any accumulated depreciation and any accumulated impairment losses.

Plant and equipment

Plant and equipment is measured at cost, less accumulated depreciation and any accumulated impairment losses.

Depreciation

The depreciable amount of all plant and equipment is depreciated over their estimated useful lives commencing from the time the asset is held available for use, consistent with the estimated consumption of the economic benefits embodied in the asset.

Class of fixed asset	Depreciation rates	Depreciation basis
Motor vehicles at cost	20%	Straight line
Office equipment at cost	25%	Straight line
Computer equipment at cost	33%	Straight line

(l) Intangible assets

Separately acquired intangible assets

Except for indefinite useful life intangible assets, which are not amortised but are tested annually for impairment, separately acquired intangible assets are recognised at cost and amortised over their estimated useful lives commencing from the time the asset is available for use. The amortisation method applied to an intangible asset is consistent with the estimated consumption of economic benefits of the asset. Subsequent to initial recognition, separately acquired intangible assets are measured at cost, less accumulated amortisation (where applicable) and any accumulated impairment losses.

(m) Employee benefits

(i) Short-term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave and other employee benefits (other than termination benefits) expected to be settled wholly before twelve months after the end of the reporting period are measured at the (undiscounted) amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables in the consolidated statement of financial position.

E-COM (AUS) PTY LTD AND CONTROLLED ENTITIES

ABN: 60 150 104 715

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Employee benefits (Continued)

(ii) Long-term employee benefit obligations

The provision for other long-term employee benefits, including obligations for long service leave and annual leave, which are not expected to be settled wholly before twelve months after the end of the reporting period, are measured at the present value of the estimated future cash outflow to be made in respect of the services provided by employees up to the reporting date. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee turnover, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. For currencies in which there is no deep market in such high quality corporate bonds, the market yields (at the end of the reporting period) on government bonds denominated in that currency are used. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the change occurs.

Other long-term employee benefit obligations are presented as current liabilities in the consolidated statement of financial position if the group does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur. All other long-term employee benefit obligations are presented as non-current liabilities in the consolidated statement of financial position.

(iii) Retirement benefit obligations

Defined contribution superannuation plan

The group makes superannuation contributions to the employee's defined contribution superannuation plan of choice in respect of employee services rendered during the year. These superannuation contributions are recognised as an expense in the same period when the related employee services are received. The group's obligation with respect to employee's defined contributions entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the consolidated statement of financial position.

(n) Goods and services tax (GST)

Revenues, expenses and purchased assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the consolidated statement of financial position are shown inclusive of GST.

Cash flows are presented in the consolidated statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

E-COM (AUS) PTY LTD AND CONTROLLED ENTITIES

ABN: 60 150 104 715

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

(p) New and revised accounting standards effective at 30 June 2020

The group has applied all new and revised Australian Accounting Standards that apply to annual reporting periods beginning on or after 1 July 2019, including AASB 16 *Leases* (AASB 16).

AASB 16: Leases

AASB 16 replaces AASB 117 *Leases* and introduces a single lessee accounting model that requires a lessee to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Right-of-use assets are initially measured at cost and lease liabilities are initially measured on a present value basis. Subsequent to initial recognition:

- (a) right-of-use assets are accounted for on a similar basis to non-financial assets, whereby the right-of-use asset is accounted for on a cost basis unless the underlying asset is accounted for on a revaluation basis, in which case if the underlying asset is:
 - i. investment property, the lessee applies the fair value model in AASB 140 *Investment Property* to the right-of-use asset; or
 - ii. property, plant or equipment, the applies the revaluation model in AASB 116 *Property, Plant and Equipment* to all of the right-of-use assets that relate to that class of property, plant and equipment; and
- (b) lease liabilities are accounted for on a similar basis to other financial liabilities, whereby interest expense is recognised in respect of the lease liability and the carrying amount of the lease liability is reduced to reflect the principal portion of lease payments made.

AASB 16 substantially carries forward the lessor accounting requirements of the predecessor standard, AASB 117. Accordingly, under AASB 16 a lessor continues to classify its leases as operating leases or finance leases subject to whether the lease transfers to the lessee substantially all of the risks and rewards incidental to ownership of the underlying asset, and accounts for each type of lease in a manner consistent with the current approach under AASB 117.

In accordance with the transition requirements of AASB 16, the group elected to apply the modified retrospective method, whereby the lease liability, and right of use asset, was measured at the present value of the remaining lease payments, discounted at the group's incremental borrowing rate. Comparative information was not adjusted.

The application of AASB 16 resulted in the recognition of right-of-use assets with an aggregate carrying amount of \$437,446 (referred to in these financial statements as "lease assets") and corresponding lease liability. The weighted average incremental borrowing rate applied in the calculation of the initial carrying amount of lease liabilities was 5.00%.

E-COM (AUS) PTY LTD AND CONTROLLED ENTITIES
ABN: 60 150 104 715

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) New and revised accounting standards effective at 30 June 2020 (Continued)

The following is a reconciliation of non-cancellable operating lease commitments disclosed at the end of the prior reporting period (i.e., at 30 June 2019) to the aggregate carrying amount of lease liabilities recognised at the date of the initial application (i.e., at 1 July 2019):

	\$
Aggregate non-cancellable operating lease commitments at 30 June 2019	471,858
Less: impact of discounting lease payments to their present value at 1 July 2019	<u>(34,412)</u>
Carrying amount of lease liabilities recognised at 1 July 2019	<u><u>437,446</u></u>

Further details of the group's accounting policy in relation to accounting for leases under AASB 16 are contained in Note 1(j) .

NOTE 2: SEGMENT REPORTING

The group has only one operating segment.

E-COM (AUS) PTY LTD AND CONTROLLED ENTITIES
ABN: 60 150 104 715

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

	2020 \$	2019 \$
NOTE 3: REVENUE FROM CONTRACTS WITH CUSTOMERS		
Revenue from contracts with customers		
<i>Revenue recognised at a point in time:</i>		
Sales commission	13,983,150	4,401,873
Sales	<u>281,209</u>	<u>17,260</u>
	<u>14,264,359</u>	<u>4,419,133</u>
<i>Revenue recognised over time:</i>		
Advertising income	882,625	458,604
Subscription fee income	<u>188,696</u>	<u>83,484</u>
	<u>1,071,321</u>	<u>542,088</u>
	<u>15,335,680</u>	<u>4,961,221</u>
NOTE 4: OTHER REVENUE AND OTHER INCOME		
Other revenue		
Interest income	22,080	32,817
Research and development tax incentive	343,578	406,846
COVID-19 cash flow boost	50,000	-
Foreign currency translation gains	<u>11,337</u>	<u>-</u>
	<u>426,995</u>	<u>439,663</u>

E-COM (AUS) PTY LTD AND CONTROLLED ENTITIES

ABN: 60 150 104 715

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

	2020	2019
	\$	\$
NOTE 5: OPERATING PROFIT		
Profit / (losses) before income tax has been determined after:		
Finance costs		
- Convertible note	32,265	-
- Lease liabilities	18,940	-
- Other	<u>104</u>	<u>1,856</u>
	51,309	1,856
Depreciation and amortisation		
Depreciation	-	-
- motor vehicles	14,198	14,159
- office furniture and equipment	8,866	10,725
- computer equipment	<u>15,115</u>	<u>21,918</u>
	38,179	46,802
Amortisation		
- leased assets	156,697	-
- software	<u>91,352</u>	<u>43,488</u>
	248,049	43,488
Total depreciation and amortisation	286,228	90,290
Bad debts	12,032	13,151
Employee benefits	2,908,672	2,217,709
Loss on disposal of plant and equipment	6,131	-
Remuneration of auditors for:		
<i>Pitcher Partners (Melbourne)</i>		
Audit and assurance services		
- Audit or review of the financial report	31,500	25,500

E-COM (AUS) PTY LTD AND CONTROLLED ENTITIES

ABN: 60 150 104 715

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

	2020	2019
	\$	\$
NOTE 6: INCOME TAX		
(a) Components of tax expense / (benefit)		
Current tax	32,520	-
Deferred tax	<u>(550,120)</u>	<u>-</u>
	<u>(517,600)</u>	<u>-</u>
(b) Income tax reconciliation		
The prima facie tax payable on profit before income tax is reconciled to the income tax expense as follows:		
Prima facie income tax payable on profit before income tax at 27.5% (2019: 27.5%)	91,199	(114,881)
Add tax effect of:		
- Other non-allowable items	12,863	11,979
- Research and development expenditure	<u>217,204</u>	<u>257,201</u>
	230,067	269,180
Less tax effect of:		
- Research and development tax incentive	94,484	111,883
- Deferred tax assets, previously not recognised, utilised	718,673	28,809
- Other differences	<u>25,709</u>	<u>13,607</u>
	<u>838,866</u>	<u>154,299</u>
Income tax expense / (benefit) attributable to profit	<u>(517,600)</u>	<u>-</u>
(c) Deferred tax		
Deferred tax relates to the following:		
<i>Deferred tax assets</i>		
Tax losses carried forward	450,858	-
Employee benefits	71,787	-
Leases	7,166	-
Accruals	75,633	-
Unrealised FX gains	<u>2,703</u>	<u>-</u>
	<u>608,147</u>	<u>-</u>
<i>Deferred tax liabilities</i>		
Property, plant and equipment	11,177	-
Prepayments	<u>46,850</u>	<u>-</u>
Net deferred tax assets / (liabilities)	<u>550,120</u>	<u>-</u>
(d) Deferred tax assets not brought to account		
Temporary differences	-	6,303
Tax losses	<u>-</u>	<u>697,292</u>
	<u>-</u>	<u>703,595</u>

E-COM (AUS) PTY LTD AND CONTROLLED ENTITIES

ABN: 60 150 104 715

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

	2020	2019
	\$	\$
NOTE 7: CASH AND CASH EQUIVALENTS		
Cash on hand	102	102
Cash at bank	15,556,016	1,123,525
Cash on deposit	<u>1,252,837</u>	<u>1,234,075</u>
	<u><u>16,808,955</u></u>	<u><u>2,357,702</u></u>
NOTE 8: RECEIVABLES		
CURRENT		
Receivables from contracts with customers	310,098	406,566
Allowance for credit losses	<u>(17,411)</u>	<u>-</u>
	292,687	406,566
Other amounts receivable	100,000	-
Research and development tax incentive receivable	<u>344,029</u>	<u>406,846</u>
	<u><u>736,716</u></u>	<u><u>813,412</u></u>
NOTE 9: INVENTORIES		
CURRENT		
<i>At cost</i>		
Finished goods	319,749	1,389
Stock in transit	<u>65,232</u>	<u>-</u>
	<u><u>384,981</u></u>	<u><u>1,389</u></u>
NOTE 10: OTHER ASSETS		
CURRENT		
Prepayments	739,252	194,003
Other current assets	<u>43,156</u>	<u>10,156</u>
	<u><u>782,408</u></u>	<u><u>204,159</u></u>

E-COM (AUS) PTY LTD AND CONTROLLED ENTITIES

ABN: 60 150 104 715

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020****2020****\$****NOTE 11: LEASE ASSETS AND LEASE LIABILITIES****Lease arrangements (30 June 2020)**

The following information relates to the current reporting period only, and is presented in accordance with AASB 16 *Leases* (which was applied by the group for the first time in the current reporting period).

(a) Lease assets

Buildings under lease

At cost

437,446

Accumulated depreciation

(156,697)280,749**Reconciliations**

Reconciliation of the carry amount of lease assets at the beginning and end of the financial year:

Initial adoption of AASB 16

437,446

Depreciation

(156,697)

Closing carrying amount

280,749**(b) Lease liabilities**

CURRENT

Lease liabilities

152,326

NON CURRENT

Lease liabilities

154,482

Total carrying amount of lease liabilities

306,808**(c) Lease expenses and cashflows**

Interest expense on lease liabilities

18,940

Depreciation expense on lease assets

156,697

Cash outflow in relation to leases

149,579

E-COM (AUS) PTY LTD AND CONTROLLED ENTITIES

ABN: 60 150 104 715

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

	2020	2019
	\$	\$
NOTE 12: PLANT AND EQUIPMENT		
Plant and equipment		
Motor vehicles at cost	70,835	70,835
Accumulated depreciation	<u>(52,680)</u>	<u>(38,482)</u>
	18,155	32,353
Office equipment at cost	45,544	39,463
Accumulated depreciation	<u>(37,142)</u>	<u>(28,276)</u>
	8,402	11,187
Computer equipment at cost	127,533	88,540
Accumulated depreciation	<u>(84,695)</u>	<u>(69,580)</u>
	<u>42,838</u>	<u>18,960</u>
Total plant and equipment	<u><u>69,395</u></u>	<u><u>62,500</u></u>
(a) Reconciliations		
Reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year		
<i>Motor vehicles</i>		
Opening carrying amount	32,353	46,512
Depreciation expense	<u>(14,198)</u>	<u>(14,159)</u>
Closing carrying amount	<u><u>18,155</u></u>	<u><u>32,353</u></u>
<i>Office equipment</i>		
Opening carrying amount	11,187	17,108
Additions	6,081	4,804
Depreciation expense	<u>(8,866)</u>	<u>(10,725)</u>
Closing carrying amount	<u><u>8,402</u></u>	<u><u>11,187</u></u>
<i>Computer equipment</i>		
Opening carrying amount	18,960	39,153
Additions	38,993	1,725
Depreciation expense	<u>(15,115)</u>	<u>(21,918)</u>
Closing carrying amount	<u><u>42,838</u></u>	<u><u>18,960</u></u>
<i>Total plant and equipment</i>		
Carrying amount at 1 July	62,500	102,773
Additions	45,074	6,529
Depreciation expense	<u>(38,179)</u>	<u>(46,802)</u>
Carrying amount at 30 June	<u><u>69,395</u></u>	<u><u>62,500</u></u>

E-COM (AUS) PTY LTD AND CONTROLLED ENTITIES

ABN: 60 150 104 715

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

	2020	2019
	\$	\$
NOTE 13: INTANGIBLE ASSETS		
Software at cost	359,697	95,398
Accumulated amortisation	<u>(139,730)</u>	<u>(62,812)</u>
	<u>219,967</u>	<u>32,586</u>

(a) Reconciliations

Reconciliation of the carrying amounts of intangible assets at the beginning and end of the current financial year

Software at cost

Opening balance	32,586	53,524
Additions	278,733	22,550
Amortisation	<u>(91,352)</u>	<u>(43,488)</u>
Closing balance	<u>219,967</u>	<u>32,586</u>

NOTE 14: PAYABLES

CURRENT

Unsecured liabilities

Trade creditors	13,165,560	1,921,747
Sundry creditors and accruals	<u>529,067</u>	<u>277,641</u>
	<u>13,694,627</u>	<u>2,199,388</u>

NOTE 15: BORROWINGS

CURRENT

Unsecured liabilities

Bank overdraft	<u>12,667</u>	<u>27,678</u>
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Secured liabilities

Finance lease liability	<u>-</u>	<u>24,919</u>
	<u>12,667</u>	<u>52,597</u>

NON CURRENT

Unsecured liabilities

Convertible notes	<u>3,082,265</u>	<u>-</u>
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(a) Assets pledged as security

The finance lease liability is secured by the motor vehicle financed.

E-COM (AUS) PTY LTD AND CONTROLLED ENTITIES

ABN: 60 150 104 715

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

		2020 \$	2019 \$
NOTE 16: PROVISIONS			
CURRENT			
Employee benefits	(a)	<u>226,269</u>	<u>121,200</u>
NON CURRENT			
Employee benefits	(a)	<u>34,775</u>	<u>12,188</u>
(a) Aggregate employee benefits liability		261,044	133,388

NOTE 17: OTHER LIABILITIES

CURRENT			
Customer deposits received in advance		<u>1,385,635</u>	<u>877,882</u>

NOTE 18: SHARE CAPITAL

Issued and paid-up capital			
131,788,966 (2019: 131,788,966) Ordinary shares		<u>5,150,102</u>	<u>5,150,102</u>

Rights of each type of share

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Capital management

When managing capital, management's objective is to ensure the group continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. This is achieved through the monitoring of historical and forecast performance and cash flows.

During 2020, management paid dividends of \$NIL (2019: \$NIL)

NOTE 19: ACCUMULATED LOSSES

Accumulated losses at beginning of year		(4,941,609)	(4,523,860)
Net profit / (loss)		<u>849,232</u>	<u>(417,749)</u>
		<u>(4,092,377)</u>	<u>(4,941,609)</u>

E-COM (AUS) PTY LTD AND CONTROLLED ENTITIES
ABN: 60 150 104 715

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	\$	\$

NOTE 20: CASH FLOW INFORMATION

(a) Reconciliation of cash

Cash at the end of the financial year as shown in the consolidated statement of cash flows is reconciled to the related items in the consolidated statement of financial position is as follows:

Cash on hand	102	102
Cash at bank	15,556,016	1,123,525
Cash on deposit	1,252,837	1,234,075
Bank overdrafts	<u>(12,667)</u>	<u>(27,678)</u>
	<u>16,796,288</u>	<u>2,330,024</u>

(b) Reconciliation of cash flow from operations with profit after income tax

Profit / (loss) from ordinary activities after income tax	849,232	(417,749)
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Adjustments and non-cash items

Amortisation	248,049	43,488
Depreciation	38,179	46,802
Interest expense not actually paid	51,205	-

Changes in operating assets and liabilities

(Increase) / decrease in receivables	176,696	(112,973)
(Increase) / decrease in other assets	(578,249)	(116,545)
(Increase) / decrease in inventories	(383,592)	12,519
Increase / (decrease) in payables	11,495,239	756,497
Increase / (decrease) in other liabilities	507,753	(104,258)
(Increase) / decrease in deferred taxes	(517,600)	-
Increase / (decrease) in provisions	<u>127,656</u>	<u>(22,986)</u>
Cash flows from operating activities	<u>12,014,568</u>	<u>84,795</u>

NOTE 21: CONTINGENT LIABILITIES

A contingent liability exists for possible future claims which may be made against the group.

Estimates of the maximum amounts of contingent liabilities that may become payable:

Bank guarantees over rental properties	<u>60,702</u>	<u>60,702</u>
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E-COM (AUS) PTY LTD AND CONTROLLED ENTITIES

ABN: 60 150 104 715

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

	2020	2019
	\$	\$

NOTE 22: KEY MANAGEMENT PERSONNEL COMPENSATION

Compensation received by key management personnel of the group

- short-term employee benefits	503,544	139,543
- post-employment benefits	<u>48,027</u>	<u>13,081</u>
	<u><u>551,571</u></u>	<u><u>152,624</u></u>

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the group, directly or indirectly.

The name of the director and key management personnel who has held office during the year is:

Name

Sean Senvirtne

The names of key management personnel during the year are:

Name

Joshua Mangan

Dean Ramler

NOTE 23: RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

Transactions with related parties outside of those identified at Note 22: Key Management Personnel Compensation:

Convertible notes issued to Dean Ramler	<u>1,015,244</u>	<u>-</u>
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E-COM (AUS) PTY LTD AND CONTROLLED ENTITIES

ABN: 60 150 104 715

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 24: INTERESTS IN SUBSIDIARIES

(a) Subsidiaries

The following are the group's significant subsidiaries:

Subsidiaries of E-Com (Aus) Pty Ltd:	Country of incorporation	Ownership interest held by the group	
		2020	2019
		%	%
Duke Living Pty Ltd	Australia	100	100
MyDeal.com.au Pty Ltd	Australia	100	N/A

NOTE 25: EVENTS SUBSEQUENT TO REPORTING DATE

There has been no matter or circumstance, which has arisen since 30 June 2020 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2020, of the group, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 30 June 2020, of the group.

NOTE 26: ENTITY DETAILS

The registered office of the group is:

E-Com (Aus) Pty Ltd
Level 1, 446 Collins Street
Melbourne Victoria 3000

E-COM (AUS) PTY LTD AND CONTROLLED ENTITIES
ABN: 60 150 104 715

DIRECTOR'S DECLARATION

The director of the company declares that:

1. The financial statements and notes, as set out on pages 3 - 26 presents fairly the company's financial position as at 30 June 2020 and performance for the year ended on that date of the company in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and other mandatory professional reporting requirements;
2. In the director's 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.

This declaration is made in accordance with a resolution of the Board of Directors.



Director: _____

Sean Servirtne

Date: 26 / 08 / 2020

E-COM (AUS) PTY LTD AND CONTROLLED ENTITIES
ABN: 60 150 104 715

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBER OF E-COM (AUS) PTY LTD

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of E-Com (Aus) Pty Ltd "the company" and its subsidiaries, "the Group", which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the director's declaration.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the Group as at 30 June 2020, and its financial performance and its cash flows for the year then ended in accordance with the financial reporting requirements of Australian Accounting Standards..

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 ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* "the Code" that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The director are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020, 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 accordingly 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.

**E-COM (AUS) PTY LTD AND CONTROLLED ENTITIES
ABN: 60 150 104 715**

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBER OF E-COM (AUS) PTY LTD**

Responsibilities of Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with the financial reporting requirements of the applicable legislation and for such internal control as management determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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 director.

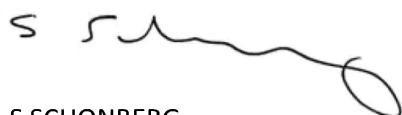
E-COM (AUS) PTY LTD AND CONTROLLED ENTITIES
ABN: 60 150 104 715

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBER OF E-COM (AUS) PTY LTD

Auditor's Responsibilities for the Audit of the Financial Report (Continued)

- Conclude on the appropriateness of the director's 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.

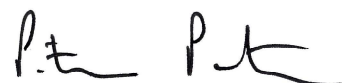
We communicate with the director regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



S SCHONBERG

Partner

Date: 4 September 2020



PITCHER PARTNERS

Melbourne