

**Halo Technologies Pty Ltd and controlled entities**  
**ABN 54 623 830 866**

**Consolidated Financial Report – 31 December 2020 and 31  
December 2019**

## **Halo Technologies Pty Ltd and controlled entities**

### **Directors' report**

**31 December 2020 and 31 December 2019**

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Halo Technologies Pty Ltd (referred to as the 'Group' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 31 December 2020.

### **Directors**

The following persons were directors of the Halo Technologies Pty Ltd during the whole of the financial year and up to the date of this report, unless otherwise stated:

Matthew Roberts  
George Paxton

### **Principal activities**

During the financial year the principal continuing activities of the Group consisted of providing equities research and analysis capability, portfolio management tools, international trade execution capability and themed investments through the Halo Technologies Pty Ltd and Macrovue Pty Ltd investment platforms.

### **Dividends**

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

### **Review of operations**

The profit for the consolidated entity after providing for income tax amounted to \$1,172,263 (31 December 2019: \$184,059).

### **Significant changes in the state of affairs**

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

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

On 1 July 2021, Halo Technologies Pty Ltd became a wholly owned subsidiary of Halo Technologies Holdings Ltd in preparation of its imminent IPO and anticipated future trading as a publicly listed company on the ASX, expected during March 2022.

No other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

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

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

### **Environmental regulation**

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

### **Shares under option**

There were no unissued ordinary shares of the Halo Technologies Pty Ltd under option outstanding at the date of this report.

**Indemnity and insurance of officers**

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

During the financial year, the Group paid a premium in respect of a contract to insure the directors and executives of the Group against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

**Indemnity and insurance of auditor**

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

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

**Proceedings on behalf of the Group**

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

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

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

On behalf of the directors



George Paxton (Jan 14, 2022 14:22 GMT+11)

George Paxton  
Director

14 January 2022  
Sydney

## **Halo Technologies Pty Ltd and controlled entities**

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**31 December 2020**

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### **General information**

The financial statements include Halo Technologies Pty Ltd as a consolidated entity consisting of Halo Technologies Pty Ltd and the entities it controlled at the end of, or during the year. The financial statements are presented in Australian dollars, which is Halo Technologies Pty Ltd.'s functional and presentation currency.

Halo Technologies Pty Ltd is a Group limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

#### **Registered office**

Level 4  
10 Barrack Street  
Sydney NSW 2000

#### **Principal place of business**

Level 4  
10 Barrack Street  
Sydney NSW 2000

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 14 January 2022.

**DECLARATION OF INDEPENDENCE BY GEOFF ROONEY TO THE DIRECTORS OF HALO TECHNOLOGIES PTY LTD (THE CONSOLIDATED ENTITY OR GROUP)**

As lead auditor of Halo Technologies Pty Ltd (the consolidated entity or Group) for the years ended 31 December 2020 and 31 December 2019, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Halo Technologies Pty Ltd and the entities it controlled during the periods.



Geoff Rooney  
Director

**BDO Audit Pty Ltd**

Sydney, 14 January 2022

**Halo Technologies Pty Ltd and controlled entities**  
**Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
**For the years ended 31 December 2020 and 31 December 2019**

	<b>Note</b>	<b>Consolidated 2020 \$</b>	<b>2019 \$</b>
Revenue			
Trading fees	3	4,696,289	1,330,946
Other income	3	240,463	24
Interest income	3	43,592	20,203
Increase in fair value of financial assets	10	487,988	-
Bargain on business combination		-	500,000
Income tax expense/R&D tax incentive		-	252,458
 Expenses			
Trading costs		(2,218,818)	(54,896)
Employee expenses		(442,518)	(573,770)
Legal and professional expenses		(284,768)	(184,859)
Depreciation expense and amortisation of development costs	4	(208,209)	(295,592)
IT and system expenses		(179,103)	(120,241)
Accounting fees		(158,267)	(22,633)
Marketing and brand expenses		(95,519)	(21,659)
Decrease in fair value of financial asset	10	-	(332,474)
Finance costs	20	(468,884)	(86,669)
Other expenses		<u>(165,346)</u>	<u>(44,744)</u>
 <b>Profit before income tax expense</b>		<b>1,246,900</b>	<b>366,094</b>
 Income tax expense	15	<u>(74,636)</u>	<u>(182,035)</u>
 <b>Profit after income tax expense for the year attributable to members of the group</b>		<b>1,172,264</b>	<b>184,059</b>
 Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
 <b>Total comprehensive income for the year attributable to members of the group</b>		<b><u>1,172,264</u></b>	<b><u>184,059</u></b>

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

**Halo Technologies Pty Ltd and controlled entities**  
**Consolidated Statement of financial position**  
**As at 31 December 2020 and 31 December 2019**

	<b>Note</b>	<b>Consolidated 2020 \$</b>	<b>2019 \$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	1,051,685	27,611
Client trust accounts		116,242,626	49,033,111
Trade receivables	6	1,169,857	463,002
Contract asset	3	298,578	-
Investments	10	4,120,785	3,632,797
Other current assets	7	87,000	9,999
Income tax receivable		334,406	63,356
Total current assets		<u>123,304,937</u>	<u>53,229,876</u>
<b>Non-current assets</b>			
Contract asset	3	898,622	-
Property and equipment	8	6,366	17,343
Security deposit		55,875	17,175
Development costs	9	<u>1,465,294</u>	<u>931,255</u>
Total non-current assets		<u>2,426,157</u>	<u>965,773</u>
<b>Total assets</b>		<u>125,731,094</u>	<u>54,195,649</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Amounts owed to clients		116,239,534	49,031,766
Trade payables	12	216,893	326,320
Contract liability	3	557,974	-
Employee benefits	11	60,302	39,131
Due to related parties	20	4,520,824	4,051,940
Deferred tax liability		590,967	245,281
Other payables		300,617	108,812
Total current liabilities		<u>122,491,664</u>	<u>53,807,802</u>
<b>Non-current liabilities</b>			
Contract liability	3	<u>1,679,319</u>	<u>-</u>
		<u>1,679,319</u>	<u>-</u>
<b>Total Liabilities</b>		<u>124,170,983</u>	<u>53,807,802</u>
<b>Net assets</b>		<u>1,560,111</u>	<u>387,847</u>
<b>Equity</b>			
Issued capital	13	100	100
Retained earnings	14	<u>1,560,011</u>	<u>387,747</u>
<b>Total equity</b>		<u>1,560,111</u>	<u>387,847</u>

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

**Halo Technologies Pty Ltd and controlled entities**  
**Consolidated Statement of Changes in Equity**  
**For the year ended 31 December 2020 and 31 December 2019**

<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Retained earnings \$</b>	<b>Other reserves \$</b>	<b>Total equity \$</b>
Balance at 1 January 2019	100	203,688	-	203,788
Profit for the year after income tax expense	-	184,059	-	184,059
Total comprehensive loss	-	184,059	-	184,059
Balance at 31 December 2019	<u>100</u>	<u>387,747</u>	<u>-</u>	<u>387,847</u>

<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Retained earnings \$</b>	<b>Other reserves \$</b>	<b>Total equity \$</b>
Balance at 1 January 2020	100	387,747	-	387,847
Profit for the year after income tax expense	-	1,172,264	-	1,172,264
Total comprehensive loss	-	1,172,264	-	1,172,264
Balance at 31 December 2020	<u>100</u>	<u>1,560,011</u>	<u>-</u>	<u>1,560,111</u>

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



**Halo Technologies Pty Ltd and controlled entities**  
**Consolidated Statement of cash flows**  
**For the year ended 31 December 2020 and 31 December 2019**

	<b>Note</b>	<b>Consolidated 2020 \$</b>	<b>2019 \$</b>
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		6,223,821	1,173,665
Payments to suppliers and employees (inclusive of GST)		(4,309,362)	3,279,669
Receipts from R&D Incentive		271,160	252,458
Interest received		43,592	20,203
Interest paid		(468,884)	(86,669)
Net cash generated from operating activities	19	<u>1,760,327</u>	<u>4,639,326</u>
<b>Cash flows from investing activities</b>			
Payment for development costs		(736,254)	(466,290)
Other cash items from investing activities		-	(3,965,271)
Acquisition of subsidiary		-	(456,435)
Net cash used in investing activities		<u>(736,254)</u>	<u>(4,887,996)</u>
<b>Cash flows from financing activities</b>			
Receipts from issued share capital and convertible notes		-	-
Receipts from a related party		-	-
Net cash from financing activities		<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents		1,024,073	248,670
Cash and cash equivalents at the beginning of the financial year		<u>27,611</u>	<u>1,051,685</u>
Cash and cash equivalents at the end of the financial year	5	<u><u>1,051,685</u></u>	<u><u>27,611</u></u>

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

**Halo Technologies Pty Ltd and controlled entities**  
**Notes to the Consolidated financial statements**  
**31 December 2020 and 31 December 2019**

**Note 1. Significant accounting policies**

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

**Basis of preparation**

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

*Historical cost convention*

The financial statements have been prepared under the historical cost basis, except for the following items (refer to individual accounting policies for details):

- Financial instruments – fair value through profit or loss.

*Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

**Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Halo Technologies Pty Ltd ('company' or 'parent entity') as at 31 December 2020 and the results of all subsidiaries for the year then ended. Halo Technologies Pty Ltd and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

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

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

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

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

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

**Going concern**

The financial statements have been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the discharge of liabilities in the normal course of business.

**Note 1. Significant accounting policies (continued)**

**Revenue**

*Rendering of services*

Brokerage revenue is recognised at a point in time upon execution of a trade contract resulting in the delivery of the service to the client and all the performance obligations having been met.

Subscription revenue is recognised over time, i.e., over the subscription contract term when the related services are performed, and the performance obligations are satisfied. Contract assets and contract liabilities are included within "trade and other receivables" and "trade and other payables" respectively on the face of the statement of financial position. They arise from subscriptions with clients that have a term over a few years, since payments received from clients at each balance sheet date do not necessarily equal the amount of revenue recognised over the contract term.

*Interest income*

Interest income is recognised using the effective interest rate method.

*Other revenue*

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

**Income tax**

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

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

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

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

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

**Leases**

At the end of the reporting period the Group had no significant lease agreements. The rent for use of office space is included in the management fee expense per terms of arrangement with the related party.

**Note 1. Significant accounting policies (continued)**

**Current and non-current classification**

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

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

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

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

**Cash and cash equivalents**

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

**Client funds**

Client funds are held in segregated bank accounts as part of the Group's safeguarding policy and are excluded from the amount of cash and cash equivalents held by the entity, as they are not available for use by the group.

**Trade and other receivables**

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

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The Group does not hold any collateral as security. The Group applies the AASB 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and aging. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts. The expected loss rates are based on the Group's historical credit losses experienced over the three-year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers.

Other receivables are recognised at amortised cost, less any provision for impairment.

**Financial instruments**

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

**Note 1. Significant accounting policies (continued)**

**Investments and other financial assets**

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

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

*Financial assets at fair value through profit or loss*

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

*Financial assets at fair value through other comprehensive income*

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

*Impairment of financial assets*

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

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

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

**Property and equipment**

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

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

Computer and office equipment	3 years
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The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date. An item of equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

**Goodwill**

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

**Note 1. Significant accounting policies (continued)**

**Capitalised Development costs**

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the Group is able to use or sell the asset; the Group has sufficient resources; and intent to complete the development and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

Amortisation is calculated on a straight-line basis to write off the net cost of each item of capitalised development costs over their expected useful lives as follows:

Development costs	5 years
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**Employee benefits**

*Short-term employee benefits*

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

*Other long-term employee benefits*

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

*Defined contribution superannuation expense*

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

**Issued capital**

Ordinary and Preference shares are classified as equity.

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

**Dividends**

Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

**Goods and Services Tax ('GST') and other similar taxes**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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

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

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

**Note 1. Significant accounting policies (continued)**

**Provisions**

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

**Borrowings**

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

**Adoption of new and amended Accounting Standards**

The Group has adopted all the new or amended Accounting Standards and Interpretations issued by the Australian Standards Board ("AASB") that are mandatory for the current accounting period.

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early.

The following amendments are effective for the period beginning 1 January 2022:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
- References to Conceptual Framework (Amendments to IFRS 3).

The Group does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the group.

**Note 2. Critical accounting judgements, estimates and assumptions**

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

*Allowance for expected credit losses*

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

*Estimation of useful lives of assets*

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

*Employee benefits provision*

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

**Halo Technologies Pty Ltd and controlled entities**  
**Notes to the Consolidated financial statements**  
**31 December 2020 and 31 December 2019**

**Note 2. Critical accounting judgements, estimates and assumptions (continued)**

*Impairment of non-financial assets other than goodwill and other indefinite life intangible assets*

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

**Note 3. Revenue from contracts with customers**

As per the Referral Agreement entered between the Group and its B2B referral partners (selling agents), effective 1 July 2020, the Group now collects (and earns accordingly) the entire 100% subscription sale value upfront and rebates 50% to its referral partners in the form of a cost of sale (with a corresponding amortisation of the cost of sale according to the subscription revenue's earning pattern).

As a result, the Group elected to adopt the modified approach to the adoption of AASB15 - Revenue from contracts with customers, and its related minimal disclosure note requirements, effective from 1 July 2020 onwards, as outlined below:

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Brokerage revenue	2,443,092	141,362
Subscription revenue	2,253,197	1,189,584
Trading fees	<u>4,696,289</u>	<u>1,330,946</u>
<i>Other Income</i>		
Other Income	<u>240,463</u>	<u>24</u>
Interest Income	<u>43,592</u>	<u>20,203</u>
Total revenue for the year	<u><u>4,980,344</u></u>	<u><u>1,351,173</u></u>

*Subscription Contract Balances*

*Contract Assets (Current)*

Subscription rebates paid in advance of performance and not recognised as cost of sales during the period:	298,578	-
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*Contract Assets (Non-current)*

Subscription rebates paid in advance of performance and not recognised as cost of sales during the period:	<u>898,622</u>	-
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Total Contract Assets	<u>1,197,200</u>	-
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*Contract Liabilities (Current)*

Cash received in advance of performance and not recognised as revenue during the period:	557,974	-
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*Contract Liabilities (Non-current)*

Cash received in advance of performance and not recognised as revenue during the period:	<u>1,679,319</u>	-
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Total Contract Liabilities	<u>2,237,293</u>	-
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**Halo Technologies Pty Ltd and controlled entities**  
**Notes to the Consolidated financial statements**  
**31 December 2020 and 31 December 2019**

**Note 4. Expenses**

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Profit before income tax includes the following specific expenses:		
<i>Amortisation</i>		
Development costs	<u>202,215</u>	<u>291,412</u>
<i>Depreciation</i>		
Computer equipment	5,500	3,670
Office equipment	<u>494</u>	<u>510</u>
Total depreciation	<u>5,994</u>	<u>4180</u>
Total amortisation and depreciation	<u>208,209</u>	<u>295,592</u>
<i>Superannuation expense</i>		
Defined contribution superannuation expense	<u>21,146</u>	<u>38,865</u>

**Note 5. Current assets - Cash and cash equivalents**

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Total cash and other cash equivalents	<u>1,051,685</u>	<u>27,611</u>

**Note 6. Current assets - Trade and other receivables**

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Trade receivables	464,694	395,625
Trade receivables from related parties (Note 20)	<u>705,163</u>	<u>67,377</u>
	<u>1,169,857</u>	<u>463,002</u>

**Note 7. Current assets – Other**

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Prepayments	77,000	-
Payroll tax refund	-	(1)
Other	<u>10,000</u>	<u>10,000</u>
	<u>87,000</u>	<u>9,999</u>

**Halo Technologies Pty Ltd and controlled entities**  
**Notes to the Consolidated financial statements**  
**31 December 2020 and 31 December 2019**

**Note 8. Non-current assets - Property and equipment**

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Computer equipment - at cost	28,829	-
Acquired through business combination	-	17,434
	<u>28,829</u>	<u>17,434</u>
Less:		
Opening Accumulated depreciation	(18,742)	-
Depreciation for the year	(5,500)	(3,670)
Closing Accumulated depreciation	<u>(24,242)</u>	<u>(3,670)</u>
	<u>4,587</u>	<u>13,764</u>
Office equipment - at cost	6,964	-
Acquired through business combination	-	3,828
	<u>6,964</u>	<u>3,828</u>
Less:		
Opening Accumulated depreciation	(4,693)	-
Depreciation for the year	(494)	(492)
Closing Accumulated depreciation	<u>(5,187)</u>	<u>(492)</u>
	<u>1,779</u>	<u>3,336</u>

**Note 9. Non-current assets - Development costs**

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Platform Build - at cost	2,148,016	1,411,762
Less : Accumulated amortisation	<u>(682,722)</u>	<u>(480,507)</u>
	<u>1,465,294</u>	<u>931,255</u>

*Reconciliations*

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

	<b>Platform build \$</b>	<b>Total \$</b>
Balance as at 1 January 2019	-	-
Acquired through business combination	756,377	756,377
Additions	466,290	466,290
Amortisation expense	<u>(291,412)</u>	<u>(291,412)</u>
	931,255	931,255
Balance as at 31 December 2019		
Additions	736,254	736,254
Amortisation expense	<u>(202,215)</u>	<u>(202,215)</u>
Balance as at 31 December 2020	<u>1,465,294</u>	<u>1,465,294</u>

Platform Build consists of the cost of development of the firm's International Equities trading platform. The platform has come into use at the year-end and, as such, amortisation has commenced over the useful life of 5 years.

**Halo Technologies Pty Ltd and controlled entities**  
**Notes to the Consolidated financial statements**  
**31 December 2020 and 31 December 2019**

**Note 10. Non-current assets - Investments**

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Listed ordinary shares - designated at fair value through profit or loss	4,120,785	3,632,797
	<u>4,120,785</u>	<u>3,632,797</u>

*Reconciliation*

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

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Opening fair value	3,632,797	-
Additions	-	3,965,271
Increase/(decline) in fair value	487,988	(332,474)
Closing fair value	<u>4,120,785</u>	<u>3,632,797</u>

**Note 11. Current Liabilities - Employee Benefits**

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Annual leave provision	37,798	13,244
PAYG withholding payable	-	(38)
Superannuation payable	-	25,923
Other payable	22,504	-
	<u>60,302</u>	<u>39,129</u>

**Note 12. Current Liabilities – Trade and other payables**

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Trade Payables	198,504	153,725
Trade Payables to related parties (Note 20)	18,389	172,595
	<u>216,893</u>	<u>326,320</u>

**Halo Technologies Pty Ltd and controlled entities**  
**Notes to the Consolidated financial statements**  
**31 December 2020 and 31 December 2019**

**Note 13. Equity - Issued capital**

	<b>2020 Shares</b>	<b>2019 Shares</b>	<b>2020 \$</b>	<b>2019 \$</b>
Ordinary shares - fully paid	100	100	100	100
Total	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

*Ordinary shares*

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

**Note 14. Equity – Retained Earnings**

	<b>Consolidated</b>	
	<b>2020 \$</b>	<b>2019 \$</b>
Retained Earnings at the beginning of the financial year	387,747	203,688
Profit after income tax expense for the year	<u>1,172,264</u>	<u>184,059</u>
Retained Earnings at the end of the financial year	<u>1,560,011</u>	<u>387,747</u>

**Note 15. Income tax benefit/(expense)**

**(a) The components of income tax expense comprise:**

	<b>Consolidated</b>	
	<b>2020 \$</b>	<b>2019 \$</b>
Income tax (expense) / benefit		
- Current	(93,866)	(182,166)
- Deferred	<u>19,230</u>	<u>131</u>
	<u>(74,636)</u>	<u>(182,035)</u>

**(b) The prima facie tax on profit from ordinary activities before income tax expense is reconciled to the income tax as follows:**

	<b>Consolidated</b>	
	<b>2020 \$</b>	<b>2019 \$</b>
Profit before income tax	1,246,900	366,094
Add:		
Cash flow boost and JobKeeper payments – non assessable	-	-
Taxable income before losses recouped	<u>1,246,900</u>	<u>366,094</u>

**Halo Technologies Pty Ltd and controlled entities**  
**Notes to the Consolidated financial statements**  
**31 December 2020 and 31 December 2019**

**Note 15. Income tax benefit/(expense) (continued)**

	2020 \$	2019 \$
Prima facie tax expense on profit from ordinary activities before income tax at 26% (2020: 27.5%)	(324,194)	(100,676)
Income tax benefit not recognised	(129,064)	(88,546)
Reversal of prior year tax benefit not recognised	120,804	(208,004)
Other permanent differences	231,443	307,048
Other timing differences	26,375	(91,857)
	<u>          </u>	<u>          </u>
Income tax (expense) / benefit	<u>(74,636)</u>	<u>(182,035)</u>

**Note 16. Fair value measurement**

*Fair value hierarchy*

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Consolidated – 31 December 2020</b>				
<i>Assets</i>				
Investment in Financial Asset	4,120,785	-	-	4,120,785
Total Assets	<u>4,120,785</u>	<u>-</u>	<u>-</u>	<u>4,120,785</u>
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Consolidated – 31 December 2019</b>				
<i>Assets</i>				
Investment in Financial Asset	3,632,797	-	-	3,632,797
Total Assets	<u>3,632,797</u>	<u>-</u>	<u>-</u>	<u>3,632,797</u>

There were no transfers between levels during the financial period.

**Note 17. Equity - dividends**

*Dividends*

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

**Halo Technologies Pty Ltd and controlled entities**  
**Notes to the Consolidated financial statements**  
**31 December 2020 and 31 December 2019**

**Note 18. Remuneration of auditors**

During the financial year the following fees were paid or payable for services provided by the auditor of the Group:

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<i>Audit services - BDO</i>		
Audit of the financial statements	21,450	21,450
Other Services – RSM	-	-
	<u>21,450</u>	<u>21,450</u>

**Note 19. Reconciliation of loss after income tax to net cash used in operating activities**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Profit/(loss) before income tax expense for the year	1,246,900	366,094
Adjustments for:		
Depreciation and amortisation	213,193	295,574
(Increase)/Decrease in fair value of investment	(487,988)	332,474
Bargain on business combination		(500,000)
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	(824,302)	(167,305)
(Increase)/decrease in trade deferred fulfilment costs	(1,197,200)	-
(Increase)/decrease in financial asset held on behalf of client	-	-
Increase in trade and other payables	551,259	4,286,585
Increase in trade deferred subscription revenue	2,237,294	-
Increase/(decrease) in Employee Benefits	21,171	39,131
	<u>1,760,327</u>	<u>4,652,552</u>
Net cash generated (used) in operating activities		

**Note 20. Related party disclosures**

<b>(a)</b>	<b>Key management personnel</b>	<b>Position</b>
	Matthew Roberts	(Director)
	George Paxton	(Director)

No directors' fees were paid for the year ended 31 December 2020 (31 December 2019: Nil).

**Halo Technologies Pty Ltd and controlled entities**  
**Notes to the Consolidated financial statements**  
**31 December 2020 and 31 December 2019**

**Note 20. Related party disclosures (continued)**

**(b) Related party transactions**

*(i) Subsidiaries*

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2020 %	2019 %
Halo Investment Co Pty Ltd	Australia	100.00%	100.00%
Macrovue Pty Ltd	Australia	100.00%	100.00%
Macro Accounts Pty Ltd	Australia	100.00%	-

*(ii) Transaction with related parties*

The following table provide the total amounts of the transactions that were entered into with Halo Technologies Pty Ltd and its related parties for the relevant financial year.

**Receivables from related parties**

	Consolidated	
	2020 \$	2019 \$
Atlantic Pacific Securities Pty Limited (APS)	489,715	66,667
Australian Stock Report (ASR)	213,245	-
Amalgamated Australian Investment Group Limited	1,703	210
APSEC Funds Management Pty Ltd	500	500
Receivable from related parties (Note 6)	<u>705,163</u>	<u>67,377</u>

**Payables to related parties**

	Consolidated	
	2020 \$	2019 \$
Australian Stock Report (ASR) (Note 12)	18,037	15,000
Amalgamated Australian Investment Group Limited (AAIG) – loan payable (Note 12)	352	18,319
Atlantic Pacific Securities Pty Limited (APS)	-	139,276
Payable to related parties (Note 12)	<u>18,389</u>	<u>172,595</u>

	Consolidated	
	2020 \$	2019 \$
Due to related parties - convertible notes	<u>4,520,824</u>	<u>4,051,940</u>

*(iii) Management fees*

The Group pays management fees to Amalgamated Australian Investment Group Limited (AAIG) of \$64,500 per annum (2019: Nil) for the facilities and corporate services it provides.

**Halo Technologies Pty Ltd and controlled entities**  
**Notes to the Consolidated financial statements**  
**31 December 2020 and 31 December 2019**

**Note 20. Related party disclosures (continued)**

(iv) *Trading transactions*

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Brokerage Revenue	1,590,518	-
Brokerage Cost of sales	1,253,117	-
Intercompany Rebates	828,271	-

Atlantic Pacific Securities Pty Limited (APS) and Australian Stock Report (ASR) are sales agents which sell products to third party clients for a fee (rebate).

(v) *Interest expense*

The Group incurs interest expense on a convertible note to Amalgamated Australian Investment Group Limited (AAIG) amounting to \$468,883 (2019: \$86,669). Convertible notes are unsecured, carry interest of 11% per annum (2019: 11% per annum) and repayable once the Group becomes a public listed company.

**Note 21. Parent entity information**

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

*Statement of profit or loss and other comprehensive income*

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Profit after income tax and total comprehensive income	946,469	1,184,862

*Statement of financial position*

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Total current assets	2,718,360	933,663
Total fixed assets	307,276	-
Total non-current assets	575,865	-
Total assets	3,601,501	933,663
Total current liabilities	609,726	40,089
Total non-current liabilities	1,151,731	-
Total liabilities	1,761,457	40,089
Equity		
Issued capital	100	100
Retained profits	1,839,944	893,474
Total equity	1,840,044	893,574

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

The parent entity and some of its subsidiaries are party to a deed of cross guarantee under which each company guarantees the debts of the others. No deficiencies of assets exist in any of these subsidiaries.



**Halo Technologies Pty Ltd and controlled entities**  
**Notes to the Consolidated financial statements**  
**31 December 2020 and 31 December 2019**

**Note 21. Parent entity information (continued)**

*Contingent liabilities*

The parent entity had no contingent liabilities as at 31 December 2020 and 31 December 2019.

*Capital commitments - Property, plant and equipment*

The parent entity had no capital commitments for property, plant and equipment as at 31 December 2020 and 31 December 2019.

*Significant accounting policies*

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

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

**Note 22: Financial instruments - Risk Management**

The Group activities expose it to a variety of financial risks: credit risk, interest rate risk, liquidity risk and capital disclosures risk.

The Group financial instruments consist mainly of loan receivables, financial assets at fair value through profit and loss, receivables and loan payables.

i. Credit Risk

The Group is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when they fall due. This exposure arises from cash and cash equivalents and other receivables.

All transactions in listed and quoted securities are settled/paid for upon delivery. The risk of default is low.

ii. Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash to ensure the ability to meet financial obligations as and when they fall due. The Group manages liquidity risk by maintaining a cash reserve and continuously monitoring forecast and actual cash flows. The Group does not have any external borrowings as at 31 December 2021 (31 December 2020: \$Nil).

iii. Interest rate risk

Interest rate risk is the risk that the Group will experience deterioration in its financial position as interest rates change over time. The Group is exposed to interest rate risk due to repricing and mismatches between assets and liabilities (Borrowing at a floating interest rate and lending at a fixed rate).

iv. Capital disclosures

The Group's objectives when maintaining capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group sets the amount of capital it requires in proportion to risk. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

Consistent with others in the industry, the Group monitors capital on the basis of the debt to adjusted capital ratio.

**Note 23. Contingent liabilities**

The Group had no contingent liabilities as at 31 December 2020 (31 December 2019: Nil).

**Note 24. Commitments**

The Group had no commitments for expenditure as at 31 December 2020 (31 December 2019: Nil).

**Note 25. Events after the reporting period**

At 31 December 2021, Halo Technologies Holdings Ltd is in preparation of its imminent IPO and anticipated future trading as a publicly listed company on the ASX, expected during January 2022.

No other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years. Furthermore, there has been no change to the entity's objectives, policies, and processes for managing capital from the previous period.

Since 31 March 2020, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilise economic conditions.

The Company has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended 31 December 2020 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods.

**Halo Technologies Pty Ltd and controlled entities**  
**Directors' declaration**  
**31 December 2020**

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards as described in note 1 to the financial statements, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors



George Paxton (Jan 14, 2022 14:22 GMT+11)

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George Paxton  
Director

14 January 2022  
Sydney

## INDEPENDENT AUDITOR'S REPORT

To the members of Halo Technologies Pty Ltd

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Halo Technologies Pty Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2020 and 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the years then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of Halo Technologies Pty Ltd, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2020 and 31 December 2019 and of its financial performance for the years ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Other information**

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Directors' report, 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 on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of the directors for the Financial Report**

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.



A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar3.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf)

This description forms part of our auditor's report.

**BDO Audit Pty Ltd**

A handwritten signature in black ink, appearing to read 'Geoff Rooney', with the letters 'BDO' written above it.

Geoff Rooney  
Director

Sydney, 14 January 2022