1 Company Information

Name of entity:	HYDRIX LIMITED
ABN:	84 060 369 048
Reporting period:	For the year ended 30 June 2020
Previous period:	For the year ended 30 June 2019

2 Results for announcement to the market

The consolidated entity has adopted Accounting Standards AASB 16 'Leases' for the year ended 30 June 2020. The Accounting Standards were adopted using the modified retrospective approach and as such comparatives have not been restated.

			$
Revenues from ordinary activities	up	12.2% to	15,899,742
(Loss) from ordinary activities after tax attributable to the owners of Hydrix Limited	down	23.7% to	(3,219,461)
(Loss) for the year attributable to the owners of Hydrix Limited	down	24.0% to	(3,219,461)

Dividends
The consolidated entity does not propose to pay a dividend.

No dividend or distribution plans are in operation.

Comments
The loss for the consolidated entity after providing for income tax amounted to $3,219,461 (30 June 2019: $4,237,496). The consolidated entity's results for the financial year reflect the improved the performance of the Hydrix Services business and investments to establish Hydrix Medical and acquire the exclusive rights to distribute AngelMed’s Guardian device, the world’s first implantable heart attack alert system.

3 Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security (including right-of-use assets)	(7.01)	(4.27)

4 Control gained over entities

On 10 October 2019 the company incorporated a subsidiary, Hydrix Medical Pty Ltd.
On 17 October 2019 the company incorporated a subsidiary, Hydrix Medical Pte Ltd.

5 Loss of control over entities

Not applicable.

6 Details of associates and joint venture entities

Not applicable.

7 Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements have been audited and an unqualified opinion has been issued.

8 Other information required by Listing Rule 4.3A

Other information requiring disclosure to comply with Listing Rule 4.3A is contained in the FY2020 Financial Report which accompanies this Appendix 4E.

9 Attachments

Details of attachments (if any):
The audited Financial Report of Hydrix Limited for the year ended 30 June 2020 is attached.

10 Signed

Date: 25-August-2020

Mr Gavin Coote
Executive Chairman
Melbourne

HYDRIX LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

ABN: 84 060 369 048

Contents	Page

General information

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

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

Registered office
30-32 Compark Circuit
Mulgrave VIC 3170

Principal place of business
30-32 Compark Circuit
Mulgrave VIC 3170

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 25 August 2020. The directors have the power to amend and reissue the financial statements.

Directors	Mr Gavin Coote (Executive Chairman) Ms Julie King (Non-Executive Director) Ms Joanne Bryant (Non-Executive Director) Mr Paul Wright (Non-Executive Director)
Company Secretary	Ms Alyn Tai
Registered Office	30-32 Compark Circuit Mulgrave VIC 3170 Phone: (03) 9550 8100
Principal place of business	30-32 Compark Circuit Mulgrave VIC 3170
Share register	Boardroom Pty Limited Grosvenor Place Level 12, 225 George Street Sydney NSW 2000
Auditor	Grant Thornton Audit Pty Ltd Collins Square, Tower 5 727 Collins Street Melbourne VIC 3008
Solicitors	Holding Redlich Level 8, 555 Bourke Street Melbourne VIC 3000
Stock Exchange Listing	Hydrix Limited's shares are listed on the Australian Securities Exchange (ASX code: HYD)
Websites	www.hydrix.com www.hydrixmedical.com
Country of incorporation and domicile	Australia

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Hydrix Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2020.

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

Mr Gavin Coote
Executive Chairman
Appointed as Non-Executive Director 12 January 2017; appointed as Non-Executive Chairman 28 March 2017; appointed as Executive Chairman 1 January 2020

Mr Coote brings 25+ years executive leadership in corporate and financial strategy, and private equity. His experience includes 5 years with PricewaterhouseCoopers in Australia and the USA, a decade in technology mergers & acquisitions, corporate development, and venture investing in the United States, and fifteen years in Australian private equity in various sectors healthcare, industrial and residential construction materials, leisure and hospitality, and sports and entertainment.

He has played significant roles in several turnaround and acquisition-led growth strategies culminating in successful trade sales. These include NASDAQ-listed Platinum Technology Inc., where revenues grew from $100 million to over $1 billion in 4 years driven by organic revenue growth and 40+ acquisitions, and eventually sold to CA Technologies for $3.5 billion, and several above-average SME private-equity exits.

Gavin has a Bachelor of Economics & Politics (Accounting) from Monash University, a Masters of Business Administration from University of Michigan, and is a Graduate of the Australian Institute of Company Directors.

Ms Julie King
Non-Executive Director
Appointed 28 March 2017

Ms King holds a Bachelor of Commerce degree from the University of Melbourne. With 40 years' experience in various industries including utilities, maritime, airline, banking and FMCG, she is a specialist in commercial negotiations and leading high performance leadership and culture programs. Ms King currently operates a private philanthropic family Foundation and is a Graduate of the Australian Institute of Company Directors.

Ms Joanne Bryant
Non-Executive Director
Appointed 29 November 2016

Ms Bryant brings more than 40 years' of experience in the health sciences as an occupational therapist, trainer and vocational specialist. Currently, she is using this expertise to provide forensic opinion as a vocational specialist to the Victorian court system in addition to running a small clinical practice. She has worked for many years as an approved Rehabilitation Provider, providing injury management services to both Commonwealth and State organisations. Ms Bryant is a Member of the Australian Association of Occupational Therapists and a member of the GriefLine Board. She also manages a small privately owned investment company.

Mr Paul Wright
Non-Executive Director
Appointed 8 August 2018

Mr Wright has spent the last 18 years as CEO of three of Australia's leading international technology companies. At ASX-listed Universal Biosensors ("UBI"), Paul built long term partnerships with global diagnostics leaders Siemens Healthcare and Johnson & Johnson, and led the company through a period of strong growth and new product development. Before UBI, Paul was CEO of Invetech (1999-2007), an internationally renowned product design and development company, and Vision BioSystems (2007-2008), the major subsidiary of ASX-listed Vision Systems Limited that developed, manufactured and marketed diagnostic instruments and consumables to pathology laboratories worldwide.

Prior to this, Paul spent over 8 years working in Europe, North America and Asia with corporate strategy consultants Bain & Company, advising multi-national clients on growth strategy, mergers and acquisitions, and manufacturing improvement. As General Manager of Corporate Development at TNT Logistics, Paul played a key role in the development of a major contract logistics business in Asia establishing Joint Venture businesses in China, Malaysia, and Indonesia.

Paul has a Masters Degree in Engineering from the University of Cambridge, has studied corporate finance at the London Business School, and is a Fellow of the Australian Institute of Company Directors.

Other current directorships
Paul Wright is a director of Memphasys Limited (ASX: MEM).

Company secretary
Ms Alyn Tai LLB (Hons) has held the role of Company Secretary since June 2016. She is a Partner with law firm Holding Redlich specialising in corporate and commercial law, and the provision of company secretarial and legal counsel services to ASX-listed entities.

Meetings of directors
The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2020, and the number of meetings attended by each director were:

	Board of Directors' Meetings	
Director	**Attended**	**Held**
Mr Gavin Coote	13	13
Ms Julie King	13	13
Ms Joanne Bryant	12	13
Mr Paul Wright	13	13

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

Interest in the shares and options of the company
At the date of this report, the relevant interests of directors in the company's securities were:

Director	**No. of Ordinary Shares**	**No. of Options**	**No. of Performance Rights**
Mr Gavin Coote (i)	2,191,883	182,657	500,000
Ms Julie King (ii)	17,639,345	666,667	-
Ms Joanne Bryant (iii)	1,515,051	126,256	-
Mr Paul Wright (iv)	801,782	158,066	300,000

The directors' relevant interests in the company's securities shown above are as follows:

(i) Mr Gavin Coote has a relevant interest in 2,191,883 fully paid ordinary shares, held by Beachridge Advisory Services Pty Ltd as Trustee for the Coote Family Discretionary Trust.

In addition, Gavin Coote has a relevant interest in 182,657 options and 500,000 performance rights.

(ii) Ms Julie King has a relevant interest in 17,639,345 fully paid ordinary shares, held by John W King Nominees Pty Ltd.

In addition, Julie King has a relevant interest in 666,667 options.

(iii) Ms Joanne Bryant has a relevant interest in 1,515,051 fully paid ordinary shares, which are held as follows:

a. 817,050 fully paid ordinary shares are held by ELG Nominees Pty Ltd as trustee for The Gude Family No. 2 A/C
b. 508,001 fully paid ordinary shares are held by ELG Nominees Pty Ltd
c. 190,000 fully paid ordinary shares are held by JBB Superannuation Pty Ltd as trustee for the JBB Super Fund A/C

In addition, Joanne Bryant has a relevant interest in 126,256 options.

(iv) Mr Paul Wright has a relevant interest in 801,782 fully paid ordinary shares, held by a custodian as registered owner on behalf of PKW Super Fund.

In addition, Paul Wright has a relevant interest in 158,066 options and 300,000 performance rights.

Principal activities
The principal activities of the consolidated entity during the year were providing product design, engineering, and regulatory services to assist clients transform ideas into commercial products across medical, consumer, industrial, mining, defence, and rail industries.

A fully integrated development team provides the design skills to take a product from concept to design-for-manufacture. The comprehensive range of services includes software and electronics; mechanical design; industrial, user experience and human factors engineering; and regulatory, clinical, reimbursement and quality systems.

The consolidated entity's services are charged on a fee-for-services basis under commercial contract arrangements. Clients operate in large, global growth market sectors which create growth opportunities and ongoing demand for the consolidated entity's services.

The consolidated entity's product innovation capability, skill mix and experience are not easily replicated and provide a competitive advantage to global customers. In addition, certain clients can access Australian R&D tax incentive schemes and benefit from strong foreign currency purchasing power. These factors help make Hydrix a very competitive and collaborative global product development business partner.

Our regulatory, clinical, reimbursement and quality systems help clients navigate regulatory environments including US FDA, European CE, Australian TGA, and other areas of APAC such as China (NMPA) and Singapore (HSA). Our Quality Management System is compliant with ISO 13485 and ISO 9001.

During the year, the business expanded its principal activities to include product distribution and early stage venture investment. Product distribution is focused on advanced cardiovascular technologies with the potential to improve the quality of patient life and mobility. Venture investing is in the development of high value products which directly leverage the consolidated entity's powerful product innovation capability.

The consolidated entity has approximately 65 employees and its headquarters are located in Mulgrave, Victoria Australia.

Dividends
No dividends have been paid or declared since the start of the period and the directors do not recommend the payment of a dividend in respect of the period.

Review of operations
The consolidated entity delivered record revenues of $15,899,742 for a year-on-year increase of 12.2% (30 June 2019: $14,165,305). Net cash used in operating activities to support the growth and expansion of the consolidated entity was $1,316,565, a 68.6% improvement year on year (30 June 2019: $4,197,025).

The consolidated entity experienced some slowing of existing client projects and some deferral of new projects during the second half due to COVID-19 disruptions. Management moved swiftly to lower ongoing operating costs through adjusting wage costs, reducing or deferring discretionary and capital expenditures, and accessing government stimulus programs.

Net cash used in investing activities was $1,067,482 up from $26,192 in the prior year ending 30 June 2019. The consolidated entity made two direct venture investments in clients and entered one services contract under which it is entitled to earn equity in lieu in addition to cash fees for services rendered. These arrangements focus on high potential investment capital gains.

Net cashflow from financing activities were $4,284,458 (excluding repayments of lease liabilities) compared to $4,297,696 for the prior year ending 30 June 2019. These activities included replacing $3,000,000 in shareholder loans with a $4,000,000 4-year debt facility with Pure Asset Management in December 2020, of which $500,000 was subsequently paid down in the June quarter of 2020.

The pro forma cash-on-hand at 30 June 2020 was $4,190,000 taking into account net proceeds of approximately $2,750,000, raised under the 1-for-3 fully underwritten entitlement offer and placement in July 2020.

The consolidated entity made several leadership appointments during the year including Gavin Coote to full time Executive Chairman, Peter Lewis to EVP Corporate Development, Michael Trieu to General Manager Hydrix Services, and Paul Kelly to General Manager Hydrix Medical. In addition, Paul Kelly was appointed to the Hydrix Medical Advisory Board. These appointments were made to increase the capacity and capability of the organisation and support the expanding Group structure of the consolidated entity.

Hydrix Ventures Pty Ltd and Hydrix Medical Pty Ltd were established as wholly owned subsidiaries of Hydrix Limited, and Hydrix Medical Singapore Pte Ltd was established as a wholly owned subsidiary of Hydrix Medical Pty Ltd.

Outlook

The long-term business prospects for the consolidated entity remain strong taking into consideration several factors, including:
- the significant year-on-year improvement in the consolidated entity's financial performance;
- the pro forma 30 June 2020 cash-on-hand of approximately $4,190,000;
- potential product revenues and gross profit margins from Hydrix Medical distribution of cardiovascular products;
- high potential capital gains from investments made by Hydrix Ventures; and
- continued investment in business development efforts to build a high potential prospective client pipeline of design and engineering projects which was more than $50 million at 30 June 2020.

Significant changes in the state of affairs

Other than noted under review of operations above, there were no significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year

In July 2020, the consolidated entity raised $1,990,647 through a 1-for-3 fully underwritten entitlement offer issuing 26,541,960 shares of new common stock, each issued with 1-for-3 attaching Options or 8,847,531 Options. There were a further 11,847,325 Options granted to corporate advisers and sub-underwriters. All Options have a strike price of $0.12 per share and an expiration date of 31 July 2022.

Further, the consolidated entity raised $1,050,000 through a Placement offer issuing 14,000,000 shares of new common stock, with 1-for-3 attaching Options or 4,666,667 Options. Option strike price is $0.12 per share with an expiration date of 31 July 2022. The Placement is subject to shareholder approval, which will be sort at an extraordinary general meeting on 17 September 2020.

On 4 August 2020 the Victorian Government made public health and safety directions that required the consolidated entity to reduce its on-site operations for a period of six weeks due to the COVID-19 pandemic. The consolidated entity's business remains operational after complying with the additional restrictions, with most employees having already transitioned to working from home where possible. Where work is permitted on-site, the consolidated entity continues to operate with processes and protocols in place to support the safety and wellbeing of our employees.

On 17 August 2020 the consolidated entity announced the first AngelMed Guardian patient implants in the Asia Pacific with four implants performed over a three day period in Singapore by Dr Leslie Lam. Each implant procedure was supported by a Hydrix Medical field clinical engineer with real-time remote support from Angel Medical Systems staff in the USA.

Likely developments and expected results of operations

The consolidated entity’s principal activities for the next financial year ending 30 June 2021 will continue to be design and engineering services, distribution of cardiovascular technologies and early stage venture investing.

The consolidated entity will continue to pursue acquisition and investment opportunities which have the potential to increase market share and growth, and which extend the business' core capabilities and customer offer. Areas of focus are within the consolidated entity's experience and know-how developing and commercialising technologies which have the potential to accelerate shareholder value.

Environmental regulation

The consolidated entity's operations are subject to environmental regulations under the law of the Commonwealth and State. The Board believes that the consolidated entity has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the consolidated entity.

REMUNERATION REPORT (Audited)

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

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

The remuneration report is set out under the following main headings:
- Details of key management personnel
- Remuneration philosophy
- Details of remuneration

Details of Key Management Personnel
(i) Specified Directors
Mr Gavin Coote
Non-Executive Chairman - Appointed 28 March 2017, Executive Chairman - Appointed 1 January 2020
Ms Julie King
Non-Executive Director - Appointed 28 March 2017
Ms Joanne Bryant
Non-Executive Director - Appointed 29 November 2016
Mr Paul Wright
Non-Executive Director - Appointed 8 August 2018

(ii) Specified Executives
Mr Peter Lewis AM
Chief Executive Officer - Appointed 17 May 2017, Executive Vice President Corporate Development - Appointed 1 January 2020

Remuneration Philosophy
The performance of the company depends on the quality of the company's directors, executives and employees and therefore the company must attract, motivate and retain appropriately qualified industry personnel.

The remuneration policy of the company has been designed to align KMP objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific short-term and long-term incentives based on key performance areas affecting the company's financial results. The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the high-quality KMP to run and manage the company, as well as create goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for KMP of the company is as follows:

- The remuneration policy is to be developed and approved by the Board after professional advice is sought from independent external consultants where required.

- All KMP receive a base salary, superannuation, fringe benefits, options (subject to shareholder approval in the case of directors) and performance incentives.

- Performance incentives are only paid once predetermined key performance indicators (KPIs) have been met.

- Incentives paid in the form of options or rights are intended to align the interests of the directors and company with those of the shareholders. In this regard, KMP are prohibited from limiting risk attached to those instruments by use of derivatives or other means.

- The Board reviews KMP packages annually by reference to the consolidated entity's performance, executive performance and comparable information from industry sectors.

REMUNERATION REPORT (Audited) (Continued)

The Board has not established a formal remuneration committee, having regard to the size of the company. The Board acknowledges that when the size and nature of the company warrants the necessity of a formal remuneration committee, such a committee will operate under the Remuneration Committee Charter which has been approved and adopted by the Board.

The Board, in performing the function of the remuneration committee, reviews remuneration packages and practices applicable to the senior executives and the Board itself. This role also includes responsibility for share option schemes, incentive performance packages and retirement and termination entitlements. Remuneration levels are competitively set to attract the most qualified and experienced Directors and senior executives. The Board may obtain independent advice on the appropriateness of remuneration packages.

The performance of KMP is measured against criteria agreed annually with each executive and is based predominantly on the progress related to developing and commercialising the technology. All bonuses and incentives must be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options. Any change must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance results leading to long-term growth in shareholder wealth.

KMP are also entitled and encouraged to participate in the employee share and option arrangements to align directors' interests with shareholders' interests.

The employment terms and conditions of KMP are formalised in contracts of employment or consultancy agreements.

In accordance with the company's Constitution, the aggregate remuneration that can be paid to the company's Non-Executive Directors is $500,000 per annum, and the Board determines how this aggregate amount should be divided among individual directors and in what proportions.

Further details of the Key Management Personnel remuneration for the year are detailed in Note 25.

Directors are entitled to be paid reasonable travelling, accommodation and other expenses incurred in consequence of their attendance at meetings of directors and otherwise in the execution of their duties as directors. A director may also be paid additional amounts as fees or as the directors determine where a director performs extra services or makes any special exertions, which in the opinion of the directors are outside the scope of the ordinary duties of a director.

Details of remuneration

(i) Specified Director Remuneration

Mr Gavin Coote - Executive Chairman
Term and termination
Mr Coote's appointment as Executive Chairman was effective on 1 January 2020, and continues on an ongoing basis under a services agreement between Mr Coote and the company. Either the company or Mr Coote may terminate the services agreement with 6 months' notice (other than by the company for cause).

Remuneration
Mr Coote's total fixed remuneration for his executive services under the employment agreement is $328,500 per annum (inclusive of superannuation). Mr Coote's remuneration for his executive services is in addition to the fee of $60,000 per annum (inclusive of superannuation) that Mr Coote is currently entitled to receive (and will continue to receive) for his roles and responsibilities as Chairman and Director of the Company.

Variable performance-based reward will be in the form of short-term and long-term incentives, as determined by the Board at its sole discretion.

Restraints
Mr Coote must not, during his employment, except with the written consent of the company, engage in (directly or indirectly) any undertaking or business of a similar nature to, or in competition with, the business of the company. In addition, certain non-compete and non-solicit restraints apply to Mr Coote for a period of 12 months after termination of his employment with the company.

Ms Julie King - Non-Executive Director
i. Fixed remuneration – The base remuneration is $48,000 per annum (exclusive of GST, but inclusive of any applicable superannuation).

ii. Expenses – Ms King is entitled to claim from the company reimbursement of reasonable out-of-pocket expenses properly incurred in the performance of her duties and responsibilities (and upon production of satisfactory receipts).

REMUNERATION REPORT (Audited) (Continued)

Ms Joanne Bryant - Non-Executive Director
i. Fixed remuneration – The base remuneration is $48,000 per annum (exclusive of GST, but inclusive of any applicable superannuation).

ii. Expenses – Ms Bryant is entitled to claim from the company reimbursement of reasonable out-of-pocket expenses properly incurred in the performance of her duties and responsibilities (and upon production of satisfactory receipts).

Mr Paul Wright - Non-Executive Director
i. Fixed remuneration – The base remuneration is $48,000 per annum (exclusive of GST, but inclusive of any applicable superannuation).

ii. Expenses – Mr Wright is entitled to claim from the company reimbursement of reasonable out-of-pocket expenses properly incurred in the performance of his duties and responsibilities (and upon production of satisfactory receipts).

(ii) Specified Executive Remuneration

Mr Peter Lewis AM - Executive Vice President Corporate
Term and termination
Mr Lewis' appointment as Executive Vice – President Corporate Development was effective on 1 January 2020, and continues on an ongoing basis under a services agreement between Mr Lewis and the company. Either the company or Mr Lewis may terminate the services agreement with 3 months' notice (other than by the company for cause).

Remuneration
Mr Lewis' total fixed remuneration is $275,000 per annum (inclusive of superannuation). Variable performance-based reward will be in the form of short-term and long-term incentives, as determined by the Board at its sole discretion.

Restraints
Mr Lewis must not, during his engagement, except with the written consent of the company, engage in (directly or indirectly) any undertaking or business of a similar nature to, or in competition with, the business of the company. In addition, certain non-compete and non-solicit restraints apply to Mr Lewis for a period of 12 months after termination of his employment with the company.

Engagement of remuneration consultants
During the financial year no external consultants were engaged to review the remuneration and provide recommendations relating to KMP.

REMUNERATION REPORT (Audited) (Continued)

Remuneration details for the year ended 30 June 2020

The following tables detail, in respect to the financial year, the components of remuneration for each member of KMP of the company:

Table of benefits and payments for the year ended 30 June 2020

	Short-term benefits		Post-employment benefits	Long-term benefits	Share-based payments		
	Salary	Fees	Super-annuation	Long Service Leave	Equity-settled shares	Equity-settled options	Total
	$	$	$	$	$	$	$
Directors							
Mr Gavin Coote[1,2]	192,260	100,900	12,565	2,486	92,769	-	400,980
Ms Julie King	45,600	-	-	-	-	-	45,600
Ms Joanne Bryant	45,600	-	-	-	-	-	45,600
Mr Paul Wright[1,3]	42,627	45,000	3,956	-	55,662	-	147,245
Other KMP							
Mr Peter Lewis AM[4]	262,557	-	24,943	3,399	-	-	290,899
Total	588,644	145,900	41,464	5,886	148,431	-	930,324

[1] Non-salary short-term benefits relate to professional fees payable to Mr Gavin Coote and Mr Paul Wright for consultancy and advisory work performed by them outside the scope of their roles as director; the fees are at arm's length rates agreed by the Board.
[2] Mr Gavin Coote was appointed Executive Chairman effective 1 January 2020.
[3] Non-salary short-term benefits payable to Mr Paul Wright are non-monetary and were settled by way of issuing 155,172 number of shares.
[4] Mr Peter Lewis AM transitioned from CEO to the role of Executive Vice President - Corporate Development effective 1 January 2020.

Table of benefits and payments for the year ended 30 June 2019

	Short-term benefits		Post-employment benefits	Long-term benefits	Share-based payments		
	Salary	Fees	Super-annuation	Long Service Leave	Equity-settled shares	Equity-settled options	Total
	$	$	$	$	$	$	$
Directors							
Mr Gavin Coote[1]	60,000	132,065	-	-	229,336	-	421,401
Ms Julie King	48,000	-	-	-	-	-	48,000
Ms Joanne Bryant	48,000	-	-	-	-	-	48,000
Mr Paul Wright[2]	40,183	-	3,817	-	-	-	44,000
Other KMP							
Mr Peter Lewis AM	273,973	-	26,027	4,579	76,000	-	380,579
Mr Peter Russell[3]	66,474	-	5,858	-	-	-	72,333
Total	536,630	132,065	35,703	4,579	305,336	-	1,014,313

[1] Non-salary short-term benefits relate to professional fees payable to Mr Gavin Coote for consultancy and advisory work performed by him outside the scope of his role as director; the fees are at arm's length rates agreed by the Board.
[2] Mr Paul Wright was appointed to the board on 8 August 2018.
[3] Mr Peter Russell's contract for his role as General Manger, Commercial expired effective 30 November 2018.

REMUNERATION REPORT (Audited) (Continued)

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

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Directors						
Mr Gavin Coote	67%	21%	-	-	33%	79%
Ms Julie King	100%	100%	-	-	-	-
Ms Joanne Bryant	100%	100%	-	-	-	-
Mr Paul Wright	43%	100%	-	-	57%	-
Other KMP						
Mr Peter Lewis AM	100%	78%	-	-	-	22%
Mr Peter Russell	N/A	100%	-	-	-	-

Share-based compensation

Issue of shares

Details of shares issued to directors and other KMP as part of compensation during the year ended 30 June 2020 are set out below:

Name	Date	Shares	Issue Price	$
Mr Gavin Coote	8-Nov-19	500,000	$0.71	$355,000
Mr Paul Wright	17-Dec-19	155,172	$0.29	$45,000

The 500,000 shares issued to Mr Gavin Coote were for nil consideration, upon vesting of performance rights issued under the consolidated entity's long term incentive plan. The performance rights were granted on 12-Dec-17, vested on 30-Jun-19 and were exercised on 08-Nov-19.

Performance rights

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

Name	Number of performance rights granted	Grant date	Vesting date & exercisable date	Expiry date	Exercise price	Fair value per option at grant date
Mr Gavin Coote	250,000	17-Dec-19	30-Jun-20	30-Jun-21	$0.00	$0.275
Mr Paul Wright	150,000	17-Dec-19	30-Jun-20	30-Jun-21	$0.00	$0.275
Mr Gavin Coote	250,000	17-Dec-19	30-Jun-21	30-Jun-22	$0.00	$0.275
Mr Paul Wright	150,000	17-Dec-19	30-Jun-21	30-Jun-22	$0.00	$0.275

Performance rights granted carry no dividend or voting rights.

Additional information

The earnings of the consolidated entity for the five years ended 30 June 2020 are summarised below:

	2020 $	2019 $	2018 $	2017 $	2016 $
Revenue	15,899,742	14,165,305	5,715,182	793,258	98,464
(Loss) before tax	(2,872,734)	(3,994,173)	(5,539,445)	(4,375,949)	(4,880,714)
(Loss) after tax	(3,219,461)	(4,219,742)	(5,080,967)	(4,375,949)	(4,880,714)

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

	2020	2019	2018	2017	2016
Share price at financial year end ($)	$0.09	$0.22	$0.47	$0.38	$1.00
Total dividends declared (cents per share)	$0.00	$0.00	$0.00	$0.00	$0.00
Basic loss per share (cents per share)	(4.35)	(6.54)	(9.40)	(8.64)	(9.60)
Diluted loss per share (cents per share)	(4.35)	(6.54)	(9.40)	(8.64)	(9.60)

REMUNERATION REPORT (Audited) (Continued)

Additional disclosures relating to KMP

Shareholding

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

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals / Other	Balance at the end of the year
Mr Gavin Coote	971,498	500,000	172,414	-	1,643,912
Ms Julie King	15,639,345	-	-	-	15,639,345
Ms Joanne Bryant	1,136,287	-	-	-	1,136,287
Mr Paul Wright	-	155,172	172,414	-	327,586
Mr Peter Lewis AM	226,220	-	-	-	226,220
	17,973,350	**655,172**	**344,828**	**-**	**18,973,350**

Performance rights holding

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

	Balance at the start of the year	Granted	Exercised	Expired / forfeited / other	Balance at the end of the year
Mr Gavin Coote	500,000	500,000	500,000	-	500,000
Ms Julie King	-	-	-	-	-
Ms Joanne Bryant	-	-	-	-	-
Mr Paul Wright	-	300,000	-	-	300,000
Mr Peter Lewis AM	-	-	-	-	-
	500,000	800,000	500,000	-	800,000

The performance rights vest subject to satisfaction of prescribed vesting conditions including financial, operational, corporate governance, strategic planning and business development objectives set by the Board.

This concludes the remuneration report, which has been audited

Shares under option / performance rights

At the date of this report, there were 21,377,483 options and 800,000 performance rights to acquire ordinary shares of the company as follows:

Class of Unlisted Options	Note	Exercise Price	Vesting Date	Expiry Date	Grant Date	Fair Value at Grant Date	Balance at 30 June 2020	Balance at Date of this Report
Attaching options	**(i)**	$0.80	7-Aug-18	31-Jul-20	7-Aug-18	$0.107	2,250,000	-
Attaching options	**(ii)**	$0.80	9-Nov-18	31-Jul-20	9-Nov-18	$0.082	875,000	-
Performance rights	**(iii)**	$0.00	30-Jun-20	30-Jun-21	17-Dec-19	$0.275	250,000	250,000
Performance rights	**(iii)**	$0.00	30-Jun-20	30-Jun-21	17-Dec-19	$0.275	150,000	150,000
Performance rights	**(iii)**	$0.00	30-Jun-21	30-Jun-22	17-Dec-19	$0.275	250,000	250,000
Performance rights	**(iii)**	$0.00	30-Jun-21	30-Jun-22	17-Dec-19	$0.275	150,000	150,000
Employee LTIP	**(iv)**	$0.29	9-Mar-20	30-Jun-25	9-Mar-20	$0.082	191,615	170,675
Employee LTIP	**(iv)**	$0.29	1-Jul-20	30-Jun-25	9-Mar-20	$0.082	170,644	170,644
Employee LTIP	**(iv)**	$0.29	1-Jul-21	30-Jun-25	9-Mar-20	$0.082	170,647	170,647
Employee LTIP	**(iv)**	$0.29	1-Jul-22	30-Jun-25	9-Mar-20	$0.082	170,661	170,661
Attaching options	**(v)**	$0.12	30-Jul-20	31-Jul-22	30-Jul-20	$0.033	-	7,897,531
Underwriter options	**(vi)**	$0.12	31-Jul-20	31-Jul-22	31-Jul-20	$0.029	-	11,847,325

(i) On 7 August 2018, 2,250,000 Attaching Options were issued under the Placement as announced by the consolidated entity on 31 July 2018.

(ii) On 9 November 2018, following shareholder approval at the AGM held on 25 October 2018, 875,000 Attaching Options were issued to Directors under the Placement as announced by the consolidated entity on 31 July 2018.

(iii) On 17 December 2019, 800,000 Performance Rights were issued to Directors under the LTIP.

(iv) On 9 March 2020, 785,127 options were issued to employees under the LTIP, and subsequently 76,872 were forfeited due to failure to meet vesting conditions and 25,628 lapsed after not being exercised within 60 days of cessation of employment. These options vest subject to time-based and performance-based vesting conditions, including the employee remaining in the employ of the consolidated entity during the performance period and satisfaction of individual KPI's.

(v) On 30 July 2020, 8,847,531 Attaching Options were issued under the Entitlement Offer as announced by the consolidated entity on 6 July 2020, and subsequently 950,000 were exercised on 24 August 2020.

(vi) On 31 July 2020, 11,847,325 Attaching Options were issued to underwriters under the Entitlement Offer as announced by the consolidated entity on 6 July 2020.

Option holders do not have any right, by virtue of the option, to participate in any share issue of the company or any related entity or in the interest issue of any other registered scheme. For details of options issued to directors and executives as remuneration, refer to the Remuneration Report.

Indemnity and insurance of officers
The company has indemnified the directors and executives of the consolidated entity 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 consolidated entity paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the *Corporations Act 2001.* The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor
To the extent permitted by law, the company has agreed to indemnify its auditors, Grant Thornton Audit Pty Ltd, as part of the terms of its audit engagement agreement against claims made by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Grant Thornton Audit Pty Ltd during or since end of the financial year.

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

Proceedings on behalf of the company
No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services
No non-audit services have been provided by the consolidated entity's auditor, Grant Thornton Audit Pty Ltd.

Rounding of amounts
The company is of a kind referred to in *Corporations Instrument 2016/191,* issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

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

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

Mr Gavin Coote
Executive Chairman
25-August-2020
Melbourne

Grant Thornton

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Auditor's Independence Declaration

To the Directors of Hydrix Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Hydrix Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

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

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

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

A C Pitts
Partner – Audit & Assurance

Melbourne, 25 August 2020

Hydrix Limited
Consolidated Statement of Profit & Loss and Other Comprehensive Income
For the year ended 30 June 2020

	Note	2020 $	2019 $
Revenue			
Revenue	**4**	15,887,868	14,150,353
Interest revenue		11,875	14,952
		15,899,742	**14,165,305**
Operating expenses			
Employee benefits expense	**5**	(11,617,956)	(10,284,158)
Project material expenses		(1,576,638)	(2,377,798)
Depreciation and amortisation expense	**5**	(1,160,581)	(691,596)
Finance costs	**5**	(1,304,961)	(465,921)
Rental expense		(160,505)	(829,479)
Selling, advertising and distribution expenses		(362,918)	(482,288)
Research and development expenses		162,763	(100,648)
Other expenses	**5**	(2,292,113)	(2,250,885)
Share based payment expenses	**31**	(183,484)	(612,546)
Impairment of receivables	**8**	(133,091)	(64,158)
Gain/(Loss) on financial instruments at fair value through profit or loss	**5**	927,303	-
Gain/(Loss) on contingent consideration liability		(85,994)	-
Impairment of plant and equipment	**9**	(201,652)	-
Debt extinguishment loss	**17**	(1,063,586)	-
Unrealised foreign exchange Gain/(Loss)		280,938	-
		(18,772,476)	**(18,159,478)**
Loss before income tax expense		**(2,872,734)**	**(3,994,173)**
Income tax (expense)/ benefit	**6**	(346,727)	(225,569)
Loss after income tax expense		**(3,219,461)**	**(4,219,742)**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Movement in fair value of long term equity investments	**21**	-	(17,754)
Total comprehensive loss for year attributable to the Owners of Hydrix Limited		**(3,219,461)**	**(4,237,496)**
Loss per share		**Cents**	**Cents**
Basic and diluted earnings per share (cents per share)	**30**	$ (4.35)	$ (6.54)

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

Hydrix Limited
Consolidated Statement of Financial Position
As at 30 June 2020

	Note	2020 $	2019 $
Current assets			
Cash and cash equivalents	**7**	1,690,194	234,627
Trade and other receivables	**8**	3,088,210	3,598,196
Contract assets	**13**	681,832	851,516
Prepayments		140,278	171,401
Total current assets		**5,600,514**	**4,855,740**
Non-current assets			
Financial assets at fair value through profit & loss	**11**	2,234,704	399,312
Deferred tax assets	**6**	-	346,727
Plant and equipment	**9**	328,031	594,142
Right of use assets	**19**	2,538,019	-
Intangible assets	**10**	7,875,857	3,996,123
Other assets		20,768	567
Security deposits		424,980	419,177
Total non-current assets		**13,422,359**	**5,756,048**
Total Assets		**19,022,873**	**10,611,788**
Current liabilities			
Trade and other payables	**12**	1,247,101	2,010,866
Contract liabilities	**13**	1,291,008	635,962
Borrowings	**17**	276,664	4,230,445
Derivative liabilities	**18**	450,782	-
Employee benefits	**15**	734,011	583,925
Lease liabilities	**19**	507,294	-
Other liabilities	**14**	120,000	412,195
Total current Liabilities		**4,626,860**	**7,873,393**
Non-current liabilities			
Borrowings	**17**	5,742,597	-
Employee benefits	**15**	248,931	228,744
Lease liabilities	**19**	3,393,824	-
Provisions	**16**	190,209	180,854
Other liabilities	**14**	2,524,482	1,192,289
Total non-Current Liabilities		**12,100,043**	**1,601,887**
Total Liabilities		**16,726,903**	**9,475,280**
Net Assets		**2,295,970**	**1,136,508**
Equity			
Issued capital	**20**	82,506,939	79,276,500
Reserves	**21**	1,814,874	810,437
Accumulated losses	**22**	(82,025,843)	(78,950,429)
Total Equity		**2,295,970**	**1,136,508**

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

Hydrix Limited
Consolidated Statement of Changes in Equity
For the year ended 30 June 2020

Consolidated	Issued Capital $	Reserves $	Accumulated Losses $	Total $
Balance at 1 July 2018	75,029,466	1,230,261	(75,303,848)	955,879
Loss after income tax expense for the year	-	-	(4,219,742)	(4,219,742)
Other comprehensive income, net of tax	-	(17,754)	-	(17,754)
Total comprehensive income for the year	-	(17,754)	(4,219,742)	(4,237,496)
Transactions with owners in their capacity as owners:				
Share based payments	76,000	536,546	-	612,546
Exercised options / performance rights	365,455	(365,455)	-	-
Expired options	-	(573,161)	573,161	-
Contributions of equity, net of transaction costs	3,805,579	-	-	3,805,579
Balance at 30 June 2019	**79,276,500**	**810,437**	**(78,950,429)**	**1,136,508**

Consolidated	Issued Capital $	Reserves $	Accumulated Losses $	Total $
Balance at 1 July 2019	79,276,500	810,437	(78,950,429)	1,136,508
Reclassification of financial assets	-	31,529	(31,529)	-
Loss after income tax expense for the year	-	-	(3,219,461)	(3,219,461)
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(3,219,461)	(3,219,461)
Transactions with owners in their capacity as owners:				
Share based payments	-	183,484	-	183,484
Exercised options / performance rights	355,000	(355,000)	-	-
Expired options	-	(175,576)	175,576	-
Contributions of equity, net of transaction costs	2,875,439	-	-	2,875,439
Contingent equity consideration	-	1,320,000	-	1,320,000
Balance at 30 June 2020	**82,506,939**	**1,814,874**	**(82,025,843)**	**2,295,970**

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

Hydrix Limited
Consolidated Statement of Cash Flows
For the year ended 30 June 2020

	Note	2020	2019
		$	$
Cash Flows from operating activities			
Receipts from customers (including GST)		16,812,408	12,417,520
Payments to suppliers and employees (including GST)		(17,749,255)	(17,339,871)
Interest received		11,875	14,842
Interest and other finance costs paid		(1,131,485)	(97,496)
Receipt of government grants		477,500	-
Income tax receipt (R&D tax incentive)		262,393	807,981
Net cash used in operating activities	**23**	**(1,316,565)**	**(4,197,025)**
Cash Flows from Investing Activities			
Payments for plant and equipment	**9**	(42,610)	(47,859)
Payments for intangible assets	**10**	(12,362)	-
Payments for investments	**11**	(1,012,510)	(3,333)
Proceeds from release of security deposits		-	25,000
Net cash used in investing activities		**(1,067,482)**	**(26,192)**
Cash Flows from financing activities			
Proceeds from issue of shares		2,567,700	2,772,500
Share issue transaction costs		(209,461)	(249,804)
Proceeds from borrowings		5,678,235	1,775,000
Borrowing transaction costs		(120,000)	-
Repayments of borrowings		(3,632,016)	-
Repayments of lease liabilities		(444,844)	-
Net cash flow from financing activities		**3,839,614**	**4,297,696**
Net increase in cash and cash equivalents		1,455,567	74,479
Cash and cash equivalents at start of year		234,627	160,148
Cash and cash equivalents at end of year	**7**	**1,690,194**	**234,627**

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

1 General Information

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

Hydrix Limited is a company limited by shares and incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue by the directors of the company on 25 August 2020.

a) Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001.* The Company is a for-profit entity for financial reporting purposes under the Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and derivatives.

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

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

For the year ended 30 June 2020, the consolidated entity incurred a net loss before tax of $2,872,734 and reported cash used in operations of $1,316,565. Furthermore, in March 2020, the World Health Organisation announced a global COVID-19 pandemic giving rise to a heightened risk of going concern and the impacts to the consolidated entity. Additionally subsequent to balance date, Victoria (the consolidated entity’s principal place of business) has suffered a second wave COVID-19 outbreak necessitating the need for this impact to also be considered.

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

Despite these facts, the directors are of the opinion that there are reasonable grounds to believe the consolidated entity will be able to continue as a going concern, after consideration of various factors including:

- The consolidated entity had an available cash balance of $1,690,194 at 30 June 2020;
- The consolidated entity had net current assets (current assets less current liabilities) of $973,654 at 30 June 2020;
- Subsequent to balance date, the consolidated entity raised $1,990,647 before costs under a fully underwritten Entitlement Offer during July 2020 (refer to Note 33 for details);
- Subsequent to balance date, the consolidated entity raised $1,050,000 through a Placement offer subject to shareholder approval, which will be sought at an extraordinary general meeting on 17 September 2020;
- The directors believe the consolidated entity would be able to access additional funds from existing shareholders and new investors to support working capital and execute its strategic growth initiatives should additional capital be required; and
- A budget and cash flow forecast for the 12 month period from the date of signing of the financial statements, which supports the directors' assertion, has been prepared based on assumptions about certain economic, operating and trading performance achievement contingent on future events and actions yet to occur, and which may not necessarily occur. Should the need arise, there are operating costs of the business that will be reduced if required. Whilst the directors believe the assumptions are best estimate assumptions based upon information available, the occurrence and timing of future events are not certain. The directors will continually monitor the operating performance against the budget and cash flow forecast.

Accordingly, the directors believe that the consolidated entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial statements do not include any adjustments relating to amounts or classification of recorded assets or liabilities that might be necessary should the consolidated entity not be able to continue as a going concern.

b) Parent entity information

In accordance with the *Corporations Act 2001,* these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 28.

c) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Hydrix Limited ('company' or 'parent entity') as at 30 June 2020 and the results of all subsidiaries for the year then ended. Hydrix Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

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

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

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

d) Foreign currency translation

The financial statements are presented in Australian dollars, which is Hydrix Limited's functional and presentation currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

e) Current and non-current classification

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

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

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

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

f) Impairment of assets

At the end of each reporting period, the consolidated entity assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

g) 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.

h) Trade and other receivables

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

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

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

i) Contract assets

Contract assets are recognised when the consolidated entity has transferred goods or services to the customer but where an unconditional right to consideration is yet to be established, less any allowance for expected credit losses.

j) 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 measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

k) Contract liabilities

Contract liabilities represent the consolidated entity's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration before the consolidated entity has transferred the goods or services to the customer.

l) Financial liabilities

The consolidated entity’s financial liabilities include borrowings, trade and other payables and derivative financial instruments. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges are included within finance costs or finance income.

m) Fair value measurement of financial instruments

The consolidated entity is required to classify all assets and liabilities, measured 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; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 2 and level 3 are determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

The following table shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis at 30 June 2020 and 30 June 2019.

	Level 1	Level 2	Level 3	Total
30 June 2020	**$**	**$**	**$**	**$**
Financial assets				
Listed securities	30,224	-	-	30,224
Investment in Angel Medical Systems, Inc.	-	-	1,625,000	1,625,000
Investment in Cyban Pty Ltd	-	-	200,010	200,010
Investment in Gyder Surgical Pty Ltd	-	-	379,470	379,470
Total financial assets recognised at fair value	**30,224**	**-**	**2,204,480**	**2,234,704**
Financial liabilities				
Embedded derivative liability	-	450,782	-	450,782
Total financial liabilities recognised at fair value	**-**	**450,782**	**-**	**450,782**

	Level 1	Level 2	Level 3	Total
30 June 2019	**$**	**$**	**$**	**$**
Financial assets				
Listed securities	19,842	-	-	19,842
Investment in Angel Medical Systems, Inc.	-	-	-	-
Investment in Cyban Pty Ltd	-	-	-	-
Investment in Gyder Surgical Pty Ltd	-	-	379,470	379,470
Total financial assets recognised at fair value	**19,842**	**-**	**379,470**	**399,312**
Financial liabilities				
Embedded derivative liability	-	-	-	-
Total financial liabilities recognised at fair value	**-**	**-**	**-**	**-**

There were no transfers between Level 1, Level 2, and Level 3 during the twelve month period to 30 June 2020.

The valuation techniques used for instruments categorised in Levels 2, and 3 are described below:

Embedded derivative liability (Level 2)
A Black-Scholes model has been used as a valuation technique to value the embedded derivative liability.

Investment in Angel Medical Systems, Inc. (Level 3)
Management determined the fair value of this investment by reference to the issue price of Series A Preferred Stock achieved during its last capital raise during the year ended 30 June 2020. Angel Medical Systems, Inc. is a private company and its valuation is less prone to fluctuations in response to economic and business developments or general market sentiment as compared to a public company.

Investment in Cyban Pty Ltd (Level 3)
Management determined the fair value of this investment by reference to the issue price achieved during its last capital raise during the year ended 30 June 2020. Cyban Pty Ltd is a private company and its valuation is less prone to fluctuations in response to economic and business developments or general market sentiment as compared to a public company.

Investment in Gyder Surgical Pty Ltd (Level 3)
Management determined the fair value of the investment in Gyder Surgical Pty Ltd based on unobservable inputs using the best information available in the circumstances, which as Gyder Surgical's engineering partner included data and information gathered during the development of the GYDER product. Management do not anticipate any change in forecast performance of the GYDER product.

Gyder Surgical Pty Ltd is a private company and its valuation is less prone to fluctuations in response to economic and business developments or general market sentiment as compared to a public company.

n) New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB Interpretation 23 'Uncertainty over Income Tax Treatments'

Interpretation 23 requires the assessment of whether the effect of uncertainty over income tax treatments should be included in the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The Interpretation outlines the requirements to determine whether an entity considers uncertain tax treatments separately, the assumptions an entity makes about the examination of tax treatments by taxation authorities, how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates and how an entity considers changes in facts and circumstances.

The consolidated entity has adopted Interpretation 23 from 1 July 2019, based on an assessment of whether it is 'probable' that a taxation authority will accept an uncertain tax treatment. Where it is probable, the company has determined tax balances consistently with the tax treatment used or planned to be used in its income tax filings. Where the company has determined that it is not probable that the taxation authority will accept an uncertain tax treatment, the most likely amount or the expected value has been used in determining taxable balances. There has been no impact from the adoption of Interpretation 23 in this reporting period.

AASB 16 Leases

The consolidated entity applied for the first time AASB 16 from 1 July 2019. AASB 16 introduced a single, on balance sheet accounting model for lessees. As a result, in relation to various leases, the consolidated entity has recognised right-of-use assets representing its right to use the underlying assets, and lease liabilities, representing its obligation to make lease payments. The new Standard has been applied using the modified retrospective approach, with no adjustment to opening retained earnings.

The consolidated entity has elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of initial application of AASB 16, being 1 July 2019.

Previously, the consolidated entity classified its office lease as an operating lease under AASB 117. This lease runs for a period of ten years and includes extension options which provide operational flexibility. The lease provides for additional rent payments that are based on changes in local price indices. At transition, for leases classified as operating leases under AASB 117, lease liabilities were measured at the present value of the remaining lease payments, discounted at the consolidated entity's incremental borrowing rate as at 1 July 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

Practical expedients applied

The consolidated entity used the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117:

- applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of remaining lease term;
- applied the practical expedient to apply a single discount rate to a portfolio of leases with similar characteristics;
- excluded initial direct costs from measuring the right-of-use asset at the date of initial application;
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease and;
- adjusted the right-of-use assets by the amount of AASB 137 Provisions, Contingent Liabilities and Contingent Assets onerous contract provision immediately before the date of initial application, as an alternative to an impairment review.

For those leases previously classified as finance leases, the right-of-use asset and lease liability are measured at the date of initial application at the same amounts as under AASB 117 immediately before the date of initial application.

On transition to AASB 16 the weighted average incremental borrowing rate applied to lease liabilities recognised under AASB 16 was 10.0%.

The following is a reconciliation of total operating lease commitments at 30 June 2019 to the lease liabilities recognised at 1 July 2019:

	$
Operating lease commitments as at 30 June 2019	5,986,942
Discounted using incremental borrowing rate	(1,640,980)
Lease liabilities recognised at 1 July 2019	**4,345,962**
Of which are:	
Current lease liabilities	444,844
Non-current lease liabilities	3,901,118
	4,345,962

The recognised right-of-use assets relate to the following type of assets:

	30-Jun-19	**1-Jul-19**
	$	**$**
Properties	-	2,999,477

Impact of adoption

The impact of AASB 16 on adoption resulted in total assets increasing by $2,999,477, and total liabilities increasing by $2,999,477.

o) Leases

As described above, the consolidated entity has applied AASB 16 using the modified retrospective approach and therefore comparative information has not been restated. This means comparative information is still reported under AASB 117.

Accounting policy applicable from 1 July 2019

For any new contracts entered into on or after 1 July 2019, the consolidated entity considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the consolidated entity assesses whether the contract meets three key evaluations which are whether:

• the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the consolidated entity;

• the consolidated entity has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract;

• the consolidated entity has the right to direct the use of the identified asset throughout the period of use. The consoliated entity assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Prior to the application of AASB 16, the consolidated entity classified its office lease as an operating lease under AASB 117. The aggregate benefits of lease incentives receivable under the agreement for lease of premises were recognised as a reduction of rental expense over the lease term, on a straight-line basis.

Measurement and recognition of leases as a lessee

The consolidated entity recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability. Right-of-use assets are depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Generally, the consolidated entity uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The consolidated entity has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the consolidated entity is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

p) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2020. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 2020-4 Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions

This standard is applicable to annual reporting periods beginning on or after 1 June 2020. This standard makes amendments to AASB 16 Leases to provide a practical expedient that permits lessees not to assess whether rent concessions that occur as a direct consequence of the COVID-19 pandemic and meet specified conditions are lease modifications and, instead, to account for those rent concessions as if they were not lease modifications.

2 Critical Accounting Estimates, Assumptions and Judgements

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.

(i) Fair value measurement of non-cash consideration - revenue recognition

To determine the transaction price for contracts in which a customer promises consideration in a form other than cash, the consolidated entity measures the non-cash consideration (or promise of non-cash consideration) at fair value. The fair value of non-cash consideration may vary because of the form of the consideration (for example, a change in the price of a share to which the consolidated entity is entitled to receive from a customer). If the fair value of the non-cash consideration promised by a customer varies for reasons other than only the form of the consideration (for example, the fair value could vary because of the consolidated entity's performance) the consolidated entity includes in the transaction price some or all of an amount of variable consideration estimated only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the consolidated entity updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period. The consolidated entity accounts for changes in the transaction price by recognising as revenue, or as a reduction of revenue, amounts allocated to satisifed performance obligations, in the period in which the transaction price changes.

(ii) Share-based payment transactions

The consolidated entity assesses the fair value of options granted applying the Black-Scholes valuation model. The use of this model requires management to make assumptions regarding key inputs such as risk free rate, share price volatility and time to maturity.

(iii) Goodwill and other indefinite life intangible assets

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

(iv) Recovery of deferred tax assets

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

(v) Employee benefits provision

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.

(vi) Lease make-good provision

A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

(vii) Derivative liability

Management uses valuation techniques, such as a Black-Scholes model, when determining the fair value of derivative liabilities. Inputs to the valuation technique include assumptions and estimates on volatility and risk-free interest rates.

(viii) Leases

The consolidated entity assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. A single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The consolidated entity recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(ix) Impairment of financial assets

At the end of each reporting period, the consolidated entity assesses whether there is objective evidence that a financial asset has been impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

3 Operating Segments

Identification of reportable operating segments
The consolidated entity is organised into three operating segments based on the internal reports that are reviewed and used by the Board of Directors [who are identified as the Chief Operating Decision Makers ('CODM')] in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

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

All the assets are located in Australia and all revenues are generated in Australia.

Operating Segment Information

Consolidated - 2020	Hydrix Services $	Hydrix Ventures $	Hydrix Medical $	Total Operations $
Revenue				
Sales to external customers	14,949,975	-	-	14,949,975
Other revenue	770,371	-	-	770,371
Total Segment Revenue	15,720,346	-	-	15,720,346
Unallocated revenue:				
Other revenue	-		-	178,469
Interest revenue	-	-	-	927
Total Segment Revenue	15,720,346	-	-	15,899,742
EBITDA	1,772,384	(2,576)	(662,518)	1,107,290
Unallocated EBITDA				(1,328,891)
Total EBITDA				(221,601)
Depreciation and amortisation	(1,146,940)	-	(1,933)	(1,148,873)
Impairment of receivables	(133,091)	-	-	(133,091)
Finance costs	(433,850)	-	-	(433,850)
Gain/(Loss) on contingent consideration liability	-	-	(85,994)	(85,994)
Unrealised foreign exchange Gain/(Loss)	-	-	280,938	280,938
Contract asset write offs (c/fwd from FY19)	(74,508)	-	-	(74,508)
Unallocated expenses:				
Debt extinguishment loss	-	-	-	(1,063,586)
Depreciation and amortisation	-	-	-	(11,708)
Finance costs	-	-	-	(871,110)
Gain/(Loss) on financial instruments at FVTPL	-	-	-	927,303
Impairment of plant and equipment	-	-	-	(201,652)
Other	-	-	-	165,000
Profit/(Loss) before income tax expense	(16,006)	(2,576)	(469,507)	(2,872,734)
Income tax (expense)/ benefit	(346,727)	-	-	(346,727)
(Loss) after income tax expense	(362,733)	(2,576)	(469,507)	(3,219,461)
Assets				
Segment assets	10,442,277	2,235,129	4,496,924	17,174,330
Unallocated assets:				
Cash and cash equivalents	-	-	-	1,690,194
Other assets	-	-	-	158,349
Total assets	10,442,277	2,235,129	4,496,924	19,022,873
Liabilities				
Segment liabilities	7,356,022	-	2,609,461	9,965,483
Unallocated liabilities:				
Borrowings	-	-	-	5,992,597
Other liabilities	-	-	-	768,823
Total liabilities	7,356,022	-	2,609,461	16,726,903

During the prior year, the consolidated entity was considered to be a single operating segment.

4 Revenue

	2020	**2019**
	$	**$**
Revenue from contracts with customers		
Rendering of services	13,894,275	12,320,564
Project materials and travel recovered	892,474	858,961
Support and maintenance	147,476	141,064
	14,934,225	13,320,589
Other revenue:		
Research and development tax incentive	262,393	807,365
Rental income	15,750	22,250
Government grant	675,500	-
Other income	-	149
	953,643	829,764
Revenue from continuing operations	15,887,868	14,150,353

Disaggregation of revenue

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

Timing of revenue recognition		
Goods transferred at a point in time	-	-
Services transferred over time	14,934,225	13,320,589
	14,934,225	**13,320,589**

Accounting Policy - Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

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

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

(i) *Rendering of services*
Revenue is recognised over time by measuring progress towards the complete satisfaction of each performance obligation. The input method is used to measure progress of performance as a labour cost input method allows revenue to be recognised based on labour hours expended relative to the total labour hours expected to be input to the complete satisfaction of the performance obligation. At the end of each reporting period progress towards complete satisfaction of the performance obligation is remeasured.

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

(iii) *Research and development tax incentive*
R&D tax incentives will be recognised in profit before tax (in EBIT) during the period in which they are received from the Australian Taxation Office.

(iv) *Government grant*
Government grant represents the job keeper and cash flow boost payments received from Federal Government in response to ongoing novel coronavirus (COVID-19) pandemic. Government grants are recognised in the financial statements at their fair values when there is a reasonable assurance that the Group will comply with the requirements and that the grant will be received.

(v) *Other revenue*
Other revenue is recognised when it is received or when the right to receive payment is established.

5 Expenses

(Loss) before income tax includes the following specific expenses:	2020 $	2019 $
Employee benefits expenses		
Salaries, wages and leave entitlements	10,056,523	8,893,208
Defined contribution superannuation expense	880,543	824,052
Employee on-costs	570,320	507,800
Employee training and development	110,570	59,098
Total employee benefits expenses	**11,617,956**	**10,284,158**

5 Expenses (continued)

Depreciation		
Plant and equipment	28,844	43,995
Computer equipment	41,755	51,481
Furniture and fixtures	36,470	37,249
Right-of-use Asset	461,458	-
	568,527	132,725
Amortisation		
Software - including CHEF Framework	525,054	491,871
Customer Contracts & Relationships	67,000	67,000
	592,054	558,871
Total depreciation and amortisation expense	**1,160,581**	**691,596**
Finance costs		
Interest expense on lease liabilities	414,942	-
Pure Asset Management facility fees	111,712	-
Interest on loans and borrowing costs	778,307	465,921
Total finance costs	**1,304,961**	**465,921**
Gain/(Loss) on financial instruments at fair value through profit or loss		
Gain/(Loss) on derivatives	916,921	-
Gain/(Loss) on financial assets	10,382	-
	927,303	**-**
Other expenses		
Bad debts written off	74,508	-
Consultancy charges	305,225	106,525
Corporate advisory transaction costs	447,250	349,433
Directors' fees	197,783	200,000
Insurance	116,034	92,063
IT related expenses	367,006	339,086
Legal and professional charges	250,631	329,984
Listing fees and share register maintenance	85,797	106,929
Recruitment fees	124,243	325,990
Travelling costs	119,744	207,479
Administration expenses	203,892	193,396
Total other expenses	**2,292,113**	**2,250,885**

$412,067 in other expenses from the prior year have been reclassified as selling, advertising and distribution expenses in profit and loss.

Accounting Policy - Expenses

Depreciation
The depreciable amount of all fixed assets is depreciated on a diminishing value basis over the asset's useful life to the consolidated entity commencing from the time the asset is held ready for use.

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

Finance costs
All finance costs are expensed in the period in which they are incurred.

6 Income Taxes

		2020	2019
(a)	***Income tax (expense)/ benefit***	**$**	**$**
	Current income tax	-	-
	Deferred tax - origination and reversal of temporary differences	(346,727)	(225,569)
	Adjustment recognised for prior periods	-	-
		(346,727)	**(225,569)**
	Numerical reconciliation of income tax benefit and tax at the statutory rate		
	Loss before income tax expense	2,872,734	3,994,173
	Tax at the statutory tax rate of 27.50% (Previous year 27.50%)	790,002	1,098,398
	Tax effect amounts which are not (deductible) / taxable in calculating taxable income:		
	Temporary differences	(168,098)	-
	Share based payments	(50,458)	(168,450)
	Other non allowable items	-	(1,394)
	Effect of R&D Rebate @ 43.5% of eligible expenses	-	(510,403)
	R&D tax incentive income - non assessable	72,158	222,025
	Deferred Tax Asset (DTA) on tax losses not brought to account	(990,331)	(865,745)
		(346,727)	**(225,569)**
(b)	***Deferred tax assets***		
	The balance comprises temporary differences attributable to:		
	Allowance for expected credit losses	54,243	17,643
	Provision for annual leave	139,990	115,636
	Provision for long service leave	130,318	107,848
	Lease liability	1,072,807	-
	Lease incentive liability	-	370,283
	Accruals	25,885	181,539
	Lease make-good provision	52,307	49,735
		1,475,550	**842,684**
(c)	***Deferred tax liabilities***		
	The balance comprises temporary differences attributable to:		
	Contract assets	187,503	234,167
	Intangible assets	941,320	261,790
		1,128,823	**495,957**
(d)	**Net deferred tax assets / (liabilities)**		
	Provision for impairment	346,727	-
		-	**346,727**
(e)	**Movement in deferred tax assets/(liabilities)**		
	Opening balance	346,727	572,296
	Credited to profit and loss	(346,727)	(225,569)
	Credited to equity	-	-
	Closing Balance	**-**	**346,727**
(f)	**Deferred tax assets not brought to account at reporting date**		
	Operating losses	5,635,121	4,880,416
	Capital losses	78,372	78,300

The deferred tax asset not brought to account will only be obtained if:
(a) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
(b) the conditions for deductibility imposed by tax legislation continue to be complied with; and
(c) the company is able to meet the continuity of business and or continuity of ownership tests

Accounting Policy - Income tax

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

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

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

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

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

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

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

7 Cash and cash equivalents

	2020	2019
	$	$
Cash at bank	1,690,192	234,625
Cash on hand	2	2
	1,690,194	**234,627**

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

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

	2020	2019
Balances as above	1,690,194	234,627
Balance as per statement of cash flows	1,690,194	234,627

Accounting Policy - 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.

8 Trade and other receivables

The value of Trade and other receivables has been restated in the 30 June 2019 comparative after netting off the value of services invoiced but not yet provided against Contract liabilities. The impact of the correction was to decrease the balance of Trade and other receivables by $2,200,000 with a corresponding decrease in the balance of Contract liabilities.

	2020	2019 Restated
Current	**$**	**$**
Trade receivables	2,998,012	3,645,736
Less: Allowance for expected credit losses	(197,249)	(64,158)
	2,800,763	3,581,578
GST receivable	21,437	16,382
Other receivables	266,010	236
	3,088,210	**3,598,196**

Allowance for expected credit losses
The consolidated entity has recognised a loss of $133,091 in profit or loss in respect of the expected credit losses for the year ended 30 June 2020 (30 June 2019: loss of $64,158).

The aging of the receivables and allowance for expected credit lossess provided for above are as follows:

	Expected credit loss rate 2020	Gross carrying amount 2020	Allowance for expected credit losses 2020	Net carrying amount 2020
Consolidated	**%**	**$**	**$**	**$**
Not overdue	1%	2,718,722	21,372	2,697,350
0 to 3 months overdue	0%	82,930	-	82,930
3 to 6 months overdue	0%	-	-	-
Over 6 months overdue	90%	196,360	175,877	20,483
		2,998,012	**197,249**	**2,800,763**

Accounting Policy - Trade and other receivables

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

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

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

9 Plant and Equipment

	2020 $	2019 $
Plant and equipment		
At cost	127,129	414,898
Less accumulated depreciation	(67,345)	(128,106)
	59,784	286,792
Computer equipment		
At cost	175,001	137,013
Less accumulated depreciation	(124,517)	(82,762)
	50,484	54,251
Furniture and fixtures		
At cost	315,386	314,252
Less accumulated depreciation	(97,623)	(61,153)
	217,763	253,099
	328,031	**594,142**

Reconciliations

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

	Plant & Equipment $	Computer Equipment $	Furniture & Fixtures $	Total $
Balance as at 1 July 2018	325,105	84,078	290,348	699,531
Additions	5,682	21,705	-	27,387
Disposals	-	(51)	-	(51)
Depreciation expense	(43,995)	(51,481)	(37,249)	(132,725)
Balance as at 30 June 2019	**286,792**	**54,251**	**253,099**	**594,142**
Balance as at 1 July 2019	286,792	54,251	253,099	594,142
Additions	3,488	37,988	1,134	42,610
Disposals	-	-	-	-
Impairment expense	(201,652)	-	-	(201,652)
Depreciation expense	(28,844)	(41,755)	(36,470)	(107,069)
Balance as at 30 June 2020	**59,784**	**50,484**	**217,763**	**328,031**

Accounting Policy - Plant and equipment

The useful lives adopted for each class of depreciable assets are:

Class of Fixed Asset	*Useful lives*
Plant and equipment	*2 to 5 years*
Computer equipment	*3 to 4 years*
Furniture and fixtures	*10 to 15 years*
Leasehold improvements	*Over the initial period of the lease*

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset.

A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(f) for details of impairment). The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

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

10 Intangible assets

	2020 $	2019 $
Distribution Rights (i)	4,459,426	-
Less: Accumulated amortisation (ii)	-	-
	4,459,426	-
Goodwill	1,269,400	1,269,400
Less: Impairment	-	-
	1,269,400	1,269,400
Brand Name	525,000	525,000
Less: Impairment	-	-
	525,000	525,000
Customer Contracts & Relationships	536,000	536,000
Less: Accumulated amortisation	(176,036)	(109,036)
	359,964	426,964
Software - including CHEF Framework	2,582,139	2,569,777
Less: Accumulated amortisation	(1,320,072)	(795,018)
	1,262,067	1,774,759
	7,875,857	**3,996,123**

Distribution Rights
The distribution rights is a finite life asset which is not yet available for use. The recoverable amount of the distribution rights has been determined using fair value less cost of disposal.

(i) On the 13th of March 2020 the consolidated entity entered into an agreement to acquire the exclusive Asia Pacific distribution rights for the AngelMed Guardian System payable with a mix of upfront and contingent consideration. The distributions rights were measured based on the cost of shares issued and fair value of the contingent consideration on acquisition date. The contingent consideration is payable in three tranches upon receipt of FDA and other applicable regulatory approvals of AngelMed's next generation product.

(ii) No amortisation has been recognised on the distribution rights for the AngelMed Guardian System given the Distribution and Supply agreement continues in force for seven years, with year one starting no earlier than the 1st of January 2021.

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

	Distribution Rights $	Goodwill $	Brand Name $	Customer Contracts $	Software including CHEF $	Total $
Balance as at 1 July 2018	-	1,269,400	525,000	493,964	2,010,742	4,299,106
Additions	-	-	-	-	255,888	255,888
Impairment expense	-	-	-	-	-	-
Amortisation expense	-	-	-	(67,000)	(491,871)	(558,871)
Balance as at 30 June 2019	-	1,269,400	525,000	426,964	1,774,759	3,996,123
Balance as at 1 July 2019	-	1,269,400	525,000	426,964	1,774,759	3,996,123
Additions	4,459,426	-	-	-	12,362	4,471,788
Impairment expense	-	-	-	-	-	-
Amortisation expense	-	-	-	(67,000)	(525,054)	(592,054)
Balance as at 30 June 2020	**4,459,426**	**1,269,400**	**525,000**	**359,964**	**1,262,067**	**7,875,857**

10 Intangible assets (continued)

Impairment testing
Brand Name and Goodwill acquired through business combinations have been allocated to the following cash-generating units:

	2020 $	2019 $
Engineering - Hydrix Services Pty Ltd	1,794,400	1,794,400

The recoverable amount of the consolidated entity's goodwill and indefinite life intangible asset (Brand Name) has been determined by a value-in-use calculation using a discounted cash flow model, based on a 2 year projection period approved by the directors and extrapolated for a further 3 years using a steady rate, together with a terminal value.

Key assumptions are those to which the recoverable amount of an asset or cash-generating units is most sensitive. The following key assumptions were used in the discounted cash flow model for the engineering services division:

Item	Assumption	Rationale
Revenue Growth Rates – FY 2021 onwards	Per approved budget	Based on existing contracts and proposals in various stages of negotiation
Revenue Growth Rates – FY 2022 onwards	10% p.a annual average growth	The 'buy, build, invest' strategy is expected to continue to increase both the scale of the services business and generate other revenue streams
Expenditure Growth Rates – FY 2021 onwards	Per approved budget	In line with expected margins
Expenditure Growth Rates – FY 2022 onwards	5% p.a annual average growth	The business has existing capacity to deliver increased revenues without adding significant costs. Managements estimate also takes into account the prevailing interest rate and efforts to contain costs.
Years forecasted	5 years	5 years as per recommended length of time per AASB136
Tax Rate	27.50%	Base rate entity company tax rate
Working Capital	12% of revenues	Average working capital required
Discount Rate	16% pre-tax	Management's estimate of the Group's weighted average cost of capital, the risk free rate and the volatility of the share price relative to market movements

Sensitivity
As disclosed in note 2, the directors have made judgements and estimates in respect of impairment testing of goodwill and other indefinite life intangible assets. Should these judgements and estimates not occur, the resulting goodwill carrying amount may decrease. The sensitivities are as follows: (a) Revenue would need to decrease by more than 3% for the engineering services division before goodwill would need to be impaired, with all other assumptions remaining constant. (b) The discount rate would be required to increase by 31% for the engineering services division before goodwill would need to be impaired, with all other assumptions remaining constant.

The directors believe that other reasonable changes in the key assumptions on which the recoverable amount of engineering services division's goodwill is based would not cause the cash-generating unit's carrying amount to exceed its recoverable amount.

The directors believe that other reasonable changes in the key assumptions on which the recoverable amount of engineering services division's goodwill is based would not cause the cash-generating unit's carrying amount to exceed its recoverable amount.

Accounting Policy - Intangible assets

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

Distribution Rights
The acquired distribution rights have been measured based on the cost of shares issued and fair value of the contingent considerations on acquisition date. The distribution rights is a finite life asset which is not yet available for use. The recoverable amount of the distribution rights has been determined using fair value less cost of disposal.

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.

Customer Contracts
Customer contracts acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 8 years.

Brand Name
The Hydrix brand name is thought to have an indefinite life and is not amortised. Instead, the brand 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 the brand are taken to profit or loss are are not subsequently reversed.

Software (including CHEF)
Significant costs associated with the Common Hydrix Embedded Framework (CHEF) software are deferred and amortised on a straight-line basis over a period of 5 years given its assumed amortisation rate of 20%. Other software costs are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 2 years.

11 Financial assets at fair value through profit & loss

	2020 $	2019 $
Listed ordinary shares	30,224	19,842
Unlisted ordinary shares	2,204,480	379,470
	2,234,704	**399,312**

Reconciliation

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

	Unlisted ordinary shares $	Listed ordinary shares $	Total $
Opening fair value as at 1 July 2018	-	34,263	34,263
Additions	379,470	3,333	382,803
Revaluation increments/(decrements)	-	(17,754)	(17,754)
Closing fair value as at 30 June 2019	**379,470**	**19,842**	**399,312**
Opening fair value as at 1 July 2019	379,470	19,842	399,312
Additions (i) (ii)	1,825,010	-	1,825,010
Revaluation increments/(decrements)	-	10,382	10,382
Closing fair value as at 30 June 2020	**2,204,480**	**30,224**	**2,234,704**

(i) On the 13th of March 2020 the consolidated entity acquired 1,000,000 shares of Series A Preferred Stock in Angel Medical Systems, Inc., for $1,625,000 with $812,500 of that consideration being provided as services in-kind.

(ii) During the last quarter of 2020 the consolidated entity acquired 6,667 shares of Series A Stock of Cyban Pty Ltd for $200,010.

Accounting Policy - Financial assets at fair value through profit & loss

All assets and liabilities, measured at fair value, are classified 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; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective. Refer to note 1(m) for further information on fair value measurement.

12 Trade and other payables

	2020	2019
	$	$
Trade payables	684,371	763,609
Other payables	363,619	819,682
Accrued liabilities	199,111	427,575
	1,247,101	**2,010,866**

Accounting Policy - Trade and other payables

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

13 Contract assets and contract liabilities

	2020	2019
	$	$
Contract assets		
Current	**681,832**	**851,516**

The value of contract assets at the end of the reporting period was $681,832 (30 June 2019: $851,516) and is expected to be invoiced in future periods as follows:

	2020	2019
Consolidated	$	$
Within 6 months	681,832	851,516
6 to 12 months	-	-
12 to 18 months	-	-
18 to 24 months	-	-
	681,832	**851,516**

	2020	2019
		Restated
Contract liabilities	$	$
Current	**1,291,008**	**635,962**

Unsatisfied performance obligations
The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was $1,291,008 (30 June 2019: $635,962) and is expected to be recognised as revenue in future periods as follows:

	2020	2019
Consolidated	$	$
Within 6 months	765,166	635,962
6 to 12 months	525,842	-
12 to 18 months	-	-
18 to 24 months	-	-
	1,291,008	**635,962**

The value of Contract liabilities has been restated in the 30 June 2019 comparative after netting off the value of services invoiced but not yet provided against Trade and other receivables. The impact of the correction was to decrease the balance of Contract liabilities by $2,200,000 with a corresponding decrease in the balance of Trade and other receivables.

Accounting Policy - Contract assets and contract liabilities

Contract assets
Contract assets are recognised when the consolidated entity has transferred goods or services to the customer but where an unconditional right to consideration is yet to be established, less any allowance for expected credit losses.

Contract liabilities
Contract liabilities represent the consolidated entity's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration before the consolidated entity has transferred the goods or services to the customer.

14 Other liabilities

	2020 $	2019 $
Current		
Customer deposits	120,000	258,000
Lease incentive liability	-	154,195
	120,000	**412,195**
Non - Current		
Contingent consideration liability	2,524,482	-
Lease incentive liability	-	1,192,289
	2,524,482	**1,192,289**

Contingent consideration liability
The contingent consideration for the Asia Pacific distribution rights of the AngelMed Guardian System (refer to Note 10) is payable in three tranches upon receipt of FDA and other applicable regulatory approvals of AngelMed's next generation product.

Accounting Policy - Other liabilities

Contingent consideration liability
The contingent consideration liability is measured based on management's estimate of the expected cash outflows and the probability of meeting the milestones in accordance with the terms of the acquisition of AngelMed Distribution Rights agreement (see Note 10). The liability also factors in the time value of money at acquisition date and year-end; the discount rate applied was 10% and 9.36% respectively.

Lease incentive liability
Prior to the application of AASB 16, the consolidated entity classified its office lease as an operating lease under AASB 117. The aggregate benefits of lease incentives receivable under the agreement for lease of premises were recognised as a reduction of rental expense over the lease term, on a straight-line basis. The liability as at 30 June 2019 represented lease incentives pertaining to the unexpired period of lease.
The consolidated entity applied AASB 16 for the first time from 1 July 2019. As a result, in relation to various leases, the consolidated entity has recognised right-of-use assets representing its right to use the underlying assets, and lease liabilities, representing its obligation to make lease payments (refer to Note 19 for details). The new standard has been applied using the modified retrospective approach, and therefore comparative information has not been restated and is still reported under AASB 117.

15 Employee benefits

	2020 $	2019 $
Current		
Annual leave	509,056	420,493
Long service leave	224,955	163,432
	734,011	**583,925**
Non - current		
Long service leave	248,931	228,744
	248,931	**228,744**

Accounting Policy - Employee benefits

Wages and salaries, annual leave and sick leave
Liabilities for wages and salaries, annual leave and long service leave which are expected to be settled within 12 months of the reporting date and which the entity does not have a conditional right to defer settlement beyond 12 months, are recognised as part of provisions in respect of employees' service up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave
The liability for long service leave is recognised in the provision for long service leave and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

16 Provisions

	2020	2019
Non - current	**$**	**$**
Lease make-good provision	190,209	180,854
	190,209	**180,854**

Lease make-good provision
The provision represents the present value of the estimated costs to make-good the Mulgrave premises leased by the consolidated entity expiring in the year 2025 with options to extend to two further terms of four years each.

Movements in provisions
Movements in the lease make-good provision during the current financial year, other than employee benefits, are set out below:

	2,020	2,019
Consolidated	**$**	**$**
Carrying amount at the start of the year	180,854	161,632
Additional provisions recognised	9,355	19,222
Amounts used	-	-
Unused amounts reversed	-	-
Carrying amount at the end of the year	**190,209**	**180,854**

Accounting Policy - Provisions

A provision is recognised in the statement of financial position when the consolidated entity has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

17 Borrowings

	2020	2019
Current	**$**	**$**
Shareholder loans - Unsecured	-	4,205,283
Pure Asset Management loan - Secured	250,000	-
BOQ Finance	26,664	25,162
	276,664	**4,230,445**
Non-Current		
Shareholder loans - Unsecured	2,750,000	-
Pure Asset Management loan - Secured	3,250,000	-
Less: Capitalised Transaction Costs / Warrant Shares	(257,403)	-
	5,742,597	**-**

Refer to note 24 for further information on financial instruments.

17 Borrowings (continued)

Total unsecured borrowings

An unsecured loan facility of $1,750,000 has been provided by a major shareholder. As at 30 June 2020, this loan was fully drawn. The loan is repayable on 31 December 2022 or such later date as agreed by the parties. From 1 July 2020 the interest rate decreased from 10% to 6% p.a.

During the financial year a separate unsecured loan facility of $1,000,000 with a 6% p.a. interest rate has been provided by a shareholder. As at 30 June 2020, this loan was fully drawn. This loan is repayable on 17 March 2022 or such later date as agreed by the parties.

Total secured borrowings including assets pledged as security

During the financial year a separate loan facility of $5,000,000 was provided by Pure Asset Management, in order to refinance $3,000,000 in shareholder loans, and to provide growth and general working capital. The loan is secured over the assets of the consolidated entity. The loan facility has an interest rate of 10% p.a. and is repayable on 6 December 2023.

On 30 June 2020, the consolidated entity and Pure Asset Management entered into a Deed of Amendment and Restatement which substantially altered the obligations relating to amounts borrowed under the refinance facility as follows:
- It was agreed that the consolidated entity would repay $250,000 by 31 July 2020 and that the refinance facility limit would be reduced to $3,250,000.
- The financial covenants were simplified to cash-based only thresholds.
- Subject to shareholder approval it was agreed that the exercise price for the warrant options would be repriced from $0.50 to the lower of the following:
  - a) $0.50 (or as otherwise adjusted for reorganisations of capital); and
  - b) If the consolidated entity makes an issue, or series of related issuances, of shares that results in the total number of issued shares increasing by more than 15% (when compared with the total number of issued shares immediately prior to that issue or series of issuances):
    - (i) The Theoretical ex-rights price (TERP) per share of that issue; or
    - (ii) In the case of a series of issuances, the volume weighted TERP per share of those issuances, and
    Paragraph b) applies to any new issue of shares occurring on or after 1 June 2020 and may apply on more than one occasion.

Debt extinguishment loss

The accounting for debt restructuring is dependent upon whether the modified debt terms are considered 'substantially different' to the previous debt terms. Management considers the revised terms of the Pure Asset Management debt facility, under the Deed of Amendment and Restatement, gives rise to a substantial qualitative change to the original terms by virtue of the removal of a key covenant element. Given the modified debt terms are considered to be substantially different, debt extinguishment accounting has been applied. The pre-existing debt was derecognised at its fair value with a non-cash extinguishment loss of $1,063,586 recognised in profit and loss.

Financing arrangements

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

	2020 $	2019 $
Total facilities		
Pure Asset Management loan	3,500,000	-
Shareholder loans	2,750,000	4,750,000
	6,250,000	**4,750,000**
Used at the reporting date		
Pure Asset Management loan	3,500,000	-
Shareholder loans	2,750,000	4,205,283
	6,250,000	**4,205,283**
Unused at the reporting date		
Pure Asset Management loan	-	-
Shareholder loans	-	544,717
	-	**544,717**

Accounting Policy - Borrowings

Borrowings are classified as current liabilities unless the consolidated entity has an unconditional right to defer settlement of the liability for at least 12 months after balance date. 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.

18 Derivative liability

In December 2019, 8,000,000 warrant shares were issued to Pure Asset Management as interest consideration on the borrowings for an exercise price at the lower of $0.50 and the theoretical ex-rights price (TERP) with expiry date on 17 December 2023. Refer to Note 17 for details on the borrowings.

The fair value of the embedded derivative liability was determined using the Black-Scholes model using the following inputs as at 30 June 2020:

	30-Jun-20
Share price at measurement date	$0.09
Expected volatility	90.000%
Dividend yield	0.000%
Risk-free interest rate	1.470%
Carrying amount of liability	$450,782

The company obtained shareholder approval at its 2019 Annual General Meeting to consolidate its share capital in the ratio of 10:1. The consolidation was effective on 18 December 2019, and the figures above (number of warrant shares and exercise price) are provided on a post consolidation basis.

19 Leasing

The consolidated entity leases an office building. The lease liability is secured by the related underlying right-of-use asset. Future minimum lease payments at 30 June 2020 were as follows:

	Minimum lease payments due			
	Within one year	**One to five years**	**After five years**	**Total**
	$	**$**	**$**	**$**
Lease payments	874,573	3,750,786	501,796	5,127,156
Finance charges	(367,279)	(844,443)	(14,316)	(1,226,038)
Net present values	**507,294**	**2,906,344**	**487,480**	**3,901,118**

	2020	**2019**
	$	**$**
Lease liabilities		
Current	507,294	-
Non-current	3,393,824	-
	3,901,118	-

Prior to the application of AASB 16, the consolidated entity classified its office lease as an operating lease under AASB 117. The aggregate benefits of lease incentives receivable under the agreement for lease of premises were recognised as a reduction of rental expense over the lease term, on a straight-line basis (refer to Note 14 for details).

During July 2020 the consolidated entity and its landlord agreed to the following rent concessions as a direct consequence of the COVID-19 pandemic:

a) for the period from 1 April 2020 to 30 June 2020, 100% of the rent is deferred; and
b) for the period from 1 July 2020 to 30 September 2020, 50% of the rent is deferred

The deferred rent is payable in equal monthly instalments during the period from 1 July 2021 to 31 December 2025.

Lease payments not recognised as a liability

The consolidated entity has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certian variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

19 Leasing (continued)

Set out below are the carrying amounts of the consolidated entity's right-of-use assets:

	Property
	$
Right-of-use assets	2,999,477
Depreciation	(461,458)
	2,538,019

20 Equity - issued capital

	Consolidated			
	2020	2019	2020	2019
	Shares	Shares	$	$
a) Ordinary shares - fully paid	79,622,263	66,932,951	82,506,939	79,276,500

Movements in ordinary share capital	**Date**	**Shares**	**Issue price**	**$**
Balance	1-Jul-18	56,219,875		75,029,466
Issues of shares under Placement	7-Aug-18	4,500,000	$0.400	1,800,000
Issues of shares under Placement	28-Aug-18	931,250	$0.400	372,500
Issue of shares to KMP	24-Sep-18	500,000	$0.710	355,000
Issue of shares to KMP	24-Sep-18	200,000	$0.380	76,000
Issue of shares to KMP in lieu of cash payments	24-Sep-18	61,326	$0.978	60,000
Issues of shares to KMP under Placement	9-Nov-18	4,500,000	$0.400	1,800,000
Issue of shares to employees under company's LTIP	3-Jun-19	20,500	$0.510	10,455
Share issue transaction costs, net of tax		-		(226,921)
Balance	30-Jun-19	66,932,951		79,276,500
Issue of shares to KMP	8-Nov-19	500,000	$0.710	355,000
Issues of shares under Placement	8-Nov-19	8,255,172	$0.290	2,394,000
Issues of shares under Placement	27-Nov-19	434,140	$0.290	125,900
Issues of shares to KMP under Placement	17-Dec-19	344,828	$0.290	100,000
Issue of shares to KMP in lieu of cash payments	17-Dec-19	155,172	$0.290	45,000
Issue of shares towards purchase of distribution rights	12-Mar-20	3,000,000	$0.140	420,000
Share issue transaction costs, net of tax		-		(209,461)
Balance	30-Jun-20	**79,622,263**		**82,506,939**

Ordinary shares

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

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

b) Options issued	**Options**
At 1 July 2018	2,235,000
- Options which expired unexercised	(1,617,500)
- Options issued under the Placement	3,125,000
- Options cancelled on failure to meet vesting conditions	(100,000)
At the end of the reporting period - 30 June 2019	**3,642,500**
At 1 July 2019	3,642,500
- Options which expired unexercised	(522,188)
- Options issued under the LTIP	785,127
- Options cancelled on failure to meet vesting conditions	(76,872)
At the end of the reporting period - 30 June 2020	**3,828,567**

20 Equity - issued capital (continued)

c) Performance rights issued	**Performance rights**
At 1 July 2018	1,022,500
- Performance rights cancelled on failure to meet vesting conditions	(2,000)
- Performance rights exercised	(520,500)
At the end of the reporting period - 30 June 2019	**500,000**
At 1 July 2019	500,000
- Performance rights issued	800,000
- Performance rights exercised	(500,000)
At the end of the reporting period - 30 June 2020	**800,000**

Refer to note 31 for share based payments in the current period.

The company obtained shareholder approval at its 2019 Annual General Meeting to consolidate its share capital in the ratio of 10:1. The consolidation was effective on 18 December 2019, and the figures on the previous page are provided on a post consolidation basis.

Capital risk management
The Board controls the capital of the consolidated entity in order to maintain a sustainable debt to equity ratio, generate long-term shareholder value and ensure that the consolidated entity can fund its operations and continue as a going concern. The consolidated entity's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets. There are no externally imposed capital requirements. Management effectively manages the consolidated entity's capital by assessing the consolidated entity's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the consolidated entity since the prior year.

Accounting Policy - Issued capital

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

21 Equity - reserves

	Consolidated	
	2020	**2019**
	$	**$**
Share based payments reserve	494,874	841,966
Contingent consideration equity reserve	1,320,000	-
Financial assets at fair value reserve	-	(31,529)
	1,814,874	**810,437**

Contingent consideration equity reserve
The reserve records contingent equity consideration for the acquisition of the Asia Pacific distribution rights for the AngelMed Guardian System (refer to Note 10). The contingent consideration is made up of both cash payments (refer to Note 14) and equity issues. The equity contingent consideration component meets the definition of an equity as it is expected to be settled in a fixed number of shares.

21 Equity - reserves (continued)

Movement in reserves

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

	Contingent consideration equity reserve $	Share based payments reserve $	Financial assets at fair value reserve $	Total Reserves $
Balance at 1 July 2018	-	1,244,036	(13,775)	1,230,261
Share based payments	-	612,546	-	612,546
Removing prior year expired options	-	(573,161)	-	(573,161)
Cancelled options failing vesting conditions	-	-	-	-
Performance rights exercised	-	(441,455)	-	(441,455)
Revaluation of financial assets at fair value through Other comprehensive income	-	-	(17,754)	(17,754)
Balance at 30 June 2019	-	841,966	(31,529)	810,437
Share based payments	-	183,484	-	183,484
Removing prior year expired options	-	(175,576)	-	(175,576)
Cancelled options failing vesting conditions	-	-	-	-
Performance rights exercised	-	(355,000)	-	(355,000)
Contingent equity consideration	1,320,000	-	-	1,320,000
Reclassification - transfer to accumulated losses	-	-	31,529	31,529
Balance at 30 June 2020	**1,320,000**	**494,874**	**-**	**1,814,874**

Accounting Policy - Equity reserves

Share based payments reserve

The share based payments reserve records items recognised as expenses on valuation of employee share options and performance rights.

Contingent consideration equity reserve

The contingent consideration equity reserve is measured based on the share price and number of shares to be issued under the tranche payment and the probability of meeting the required milestones on acquisition date. Equity is not subsequently remeasured.

Financial assets at fair value reserve

The financial assets at fair value reserve is used to recognise increments and decrements in the fair value of equity instruments through other comprehensive income.

22 Equity - accumulated losses

	2020 $	2019 $
Accumulated losses at the beginning of the financial year	(78,950,429)	(75,303,848)
Loss after income tax expense for the year	(3,219,461)	(4,219,742)
Dividends paid	-	-
Transfer from options reserve to account for expired options	175,576	573,161
Transfer from financial assets reserve to account for change in accounting policy	(31,529)	-
Accumulated losses at the end of the financial year	**(82,025,843)**	**(78,950,429)**

23 Reconciliation of loss after income tax to net cash from operating activities

	2020	2019
	$	$
(Loss) after income tax expense for the year	(3,219,461)	(4,219,742)
Adjustments for:		
Income tax expense / (benefit)	346,727	225,569
Debt extinguishment loss	1,063,586	-
Depreciation and amortisation	1,160,581	691,596
Gain/(Loss) on contingent consideration liability	85,994	
Gain/(Loss) on financial instruments at fair value through profit or loss	(927,303)	-
Impairment of plant and equipment	201,652	-
Impairment of receivables	133,091	-
Non-cash finance charges	166,714	-
Services rendered for equity	(812,500)	(379,470)
Share based payments	183,484	612,546
Directors and consultant fees paid by issue of ordinary shares	45,000	160,000
Unrealised foreign exchange (Gain)/Loss	(280,938)	-
Unwinding of the discount on provisions	9,355	19,222
Borrowings costs paid by issue of ordinary shares	-	63,126
Interest capitalised	-	180,283
Employee expenses capitalised	-	(239,322)
Changes in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	429,095	(4,073,002)
Decrease/(increase) in contract assets	169,684	(600,004)
Decrease/(increase) in prepayments	31,123	(3,515)
Decrease/(increase) in other assets	(26,004)	-
Increase/(decrease) in trade and other payables	(763,765)	784,866
Increase/(decrease) in contract liabilities	655,046	2,504,878
Increase/(decrease) in provisions	32,274	75,944
Net cash from operating activities	**(1,316,565)**	**(4,197,025)**

24 Financial Instruments

Financial risk management objectives

The entity's activities expose it to a variety of financial risks: market risk (consisting of interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. Receivables balances are in general unsecured and non-interest-bearing. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

Market risk

Interest rate risk

The consolidated entity's main interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the consolidated entity to interest rate risk. Borrowings obtained at fixed rates expose the consolidated entity to fair value risk. As at 30 June 2020 all borrowings were at fixed rates.

The consolidated entity's shareholder loans outstanding, totalling $2,750,000 (2019: $4,205,283), are interest only loans. Monthly cash outlays of $13,750 (2019: $36,673) are required to service the interest payments. No repayments on the loans are due until 17 March 2022.

The consolidated entity's refinance facility loan, totalling $3,500,000 at 30 June 2020 (30 June 2019: nil), is an interest only loan. Quarterly cash outlays of $87,500 (2019: nil) are required to service the interest payments. $250,000 was repaid on 31 July 2020 with no further repayments on the loan due until 6 December 2023.

24 Financial Instruments (continued)

Price risk
The consolidated entity is exposed to equity securities price risk arising from investments held by the consolidated entity and classified on the Statement of Financial Position as fair value through profit or loss of $2,234,704 (2019: $399,312).

Sensitivity Analysis
At reporting date, if equity prices had been 10% lower/higher, profit or loss before income tax of the consolidated entity would have decreased/increased by $223,470 (2019: $39,931).

The following investments constitute 5% or more of the consolidated entity's equity portfolio:

Company	Fair Value ($)	%
2020		
Angel Medical Systems, Inc.	1,625,000	72.7%
Gyder Surgical Pty Ltd	379,470	17.0%
Cyban Pty Ltd	200,010	9.0%

Company	Fair Value ($)	%
2019		
Gyder Surgical Pty Ltd	379,470	95.0%

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

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

Financing arrangements
Unused borrowing facilities at the reporting date:

	Consolidated	
	2020	**2019**
	$	**$**
Shareholder loans	-	544,717
	-	**544,717**

The shareholder facilities may be drawn at any time.

2020	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
	%	$	$	$	$	$
Non-derivatives						
Non-interest bearing						
Trade payables		684,371	-	-	-	684,371
Other payables		363,619	-	-	-	363,619
Accrued liabilities		199,111	-	-	-	199,111
Interest-bearing - fixed rate						
Pure Asset Management loan	10.00%	250,000	-	3,250,000	-	3,500,000
Shareholder loans	6.00%	-	1,000,000	1,750,000	-	2,750,000
Total non-derivatives		1,497,101	1,000,000	5,000,000	-	7,497,101
Derivatives						
Warrants		450,782	-	-	-	450,782
Total derivatives		450,782	-	-	-	450,782

2019	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
	%	$	$	$	$	$
Non-derivatives						
Non-interest bearing						
Trade payables		763,609	-	-	-	763,609
Other payables		819,682	-	-	-	819,682
Accrued liabilities		427,575	-	-	-	427,575
Interest-bearing - fixed rate						
Shareholder loans	10.46%	4,205,283	-	-	-	4,205,283
Total non-derivatives		6,216,149	-	-	-	6,216,149
Derivatives						
Warrants		-	-	-	-	-
Total derivatives		-	-	-	-	-

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

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Accounting Policy - Financial instruments

Recognition and Initial Measurement

Financial assets and financial liabilities are recognised when the consolidated entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the consolidated entity 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 plus transaction costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

The consolidated entity does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a company of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Loans and receivables are included in current assets, where they are expected to mature within 12 months after the end of the reporting period.

(iii) Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

They are subsequently measured at fair value with any measurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Financial assets a fair value through other comprehensive income are classified as non-current assets when they are expected to be sold after 12 months from the end of the reporting period.

(iv) Financial Liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

At the end of each reporting period, the consolidated entity assesses whether there is objective evidence that a financial asset has been impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

25 Key Management Personnel

Compensation

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

	Consolidated	
	2020	**2019**
	$	**$**
Short-term employee benefits	588,644	536,630
Fees paid to director	145,900	132,065
Post-employment benefits	41,464	35,703
Long-term benefits	5,886	4,579
Share-based payments:		
- Expensed during the year	148,431	305,336
	930,324	**1,014,313**

Further information in relation to remuneration paid or payable to each member of the consolidated entity's KMP can be found in the Director's Remuneration Report.

26 Auditors remuneration

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

	Consolidated	
	2020	**2019**
	$	**$**
Audit services - RSM Australia Partners	-	63,000
Audit services - Grant Thornton Audit Pty Ltd	60,000	-
Audit or review of the financial statements	**60,000**	**63,000**

27 Related party transactions

Parent entity

Hydrix Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 29.

Key management personnel

Disclosures relating to key management personnel are set out in note 25 and the remuneration report included in the director's report.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	2020	**2019**
	$	**$**
Loans received from shareholders	1,544,717	955,283
Loans repaid to shareholders	3,000,000	-
Interest expenses on loans from shareholders	335,052	373,554

Receivable from and payable to related parties

There were no receivables from / payables to related parties as at reporting date (30 June 2019: nil).

	Consolidated	
	2020	**2019**
	$	**$**
Loans to/from related parties		
Loans from shareholders	2,750,000	4,205,283

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates. Terms of the loans are disclosed in note 17.

28 Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	2020	**2019**
	$	**$**
(Loss) after income tax	(2,274,906)	(2,154,708)
Total comprehensive income	(2,274,906)	(2,172,462)

Statement of financial position

	Parent	
	2020	**2019**
	$	**$**
Total current assets	1,176,246	58,538
Total assets	14,322,931	10,243,292
Total current liabilities	763,656	561,681
Total liabilities	6,761,419	4,774,637
Equity		
Issued Capital	82,506,939	79,276,500
Reserves	1,814,874	810,437
Accumulated losses	(76,760,301)	(74,618,282)
Total Equity	**7,561,512**	**5,468,655**

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity, and the subsidiaries are not a party to a deed of cross guarantee.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2020 (2019: nil)

Capital commitments - Plant and equipment
The parent entity had no capital commitments for plant and equipment as at 30 June 2020 and 30 June 2019.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1.

29 Interests in subsidiaries

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

Name	Principal place of business / Country of incorporation	Ownership interest 2020 %	Ownership interest 2019 %
Hydrix Services Pty Ltd	Australia	100%	100%
Hydrix Ventures Pty Ltd	Australia	100%	100%
Hydrix Medical Pty Ltd	Australia	100%	-
Hydrix Medical Pte Ltd	Singapore	100%	-

30 Earnings per share

	Consolidated	
	2020	**2019**
	$	**$**
Loss after income tax attributable to the owners of Hydrix Limited	(3,219,461)	(4,219,742)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	74,014,724	64,517,516
Anti-dilutive shares excluded from weighted average number of ordinary shares:		
Options over ordinary shares	3,828,567	3,642,500
Warrant shares	8,000,000	-
Contingent equity consideration	12,000,000	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	74,014,724	64,517,516
	Cents	**Cents**
Basic and diluted loss per share	(4.35)	(6.54)

The company obtained shareholder approval at its 2019 Annual General Meeting to consolidate its share capital in the ratio of 10:1. The consolidation was effective on 18 December 2019, and the figures above are provided on a post consolidation basis.

Accounting Policy - Earnings per Share

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

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

31 Share-based payments

On 8 November 2019 500,000 shares were issued to key management personnel with a total fair value of $355,000. A second issue of 155,172 shares with a total fair value of $45,000 was made to key management personal on 17 December 2019 as identified in the issued capital disclosure (note 20).

Recognised share-based payment expenses
The expense recognised from employee services received during the year is shown in the table below:

	Consolidated	
	2020	**2019**
	$	**$**
Expenses arising from equity-settled share-based payment transactions	183,484	612,546

Types of share-based payment plan
Employee Share Option Plan, 'ESOP'
A Long Term Incentive Plan (LTIP) has been established and approved by shareholders where the company may, at the discretion of the Board, grant options over the ordinary shares of Hydrix Limited to Directors, Executives, contractors and employees of the consolidated entity. The exercise of the options are subject to time-based and performance-based vesting conditions. The options cannot be transferred and will not be quoted on the ASX.

31 Share-based payments (continued)

The following options were in existence during the 2020 financial year.

Grant date	Expiry date	Exercise price	Fair value at grant date	Balance at the start of the year	Options granted	Options expired	Balance at the end of the year
5-Sep-16	5-Sep-19	$4.00	$0.30	517,500	-	(517,500)	-
7-Aug-18	31-Jul-20	$0.80	$0.11	2,250,000	-	-	2,250,000
9-Nov-18	31-Jul-20	$0.80	$0.08	875,000	-	-	875,000
9-Mar-20	30-Jun-25	$0.29	$0.08	-	708,255	(4,688)	703,567
				3,642,500	**708,255**	**(522,188)**	**3,828,567**

The options issued under the LTIP vest subject to time-based and performance-based vesting conditions, including the employee remaining in the employ of the consolidated entity during the performance period and satisfaction of individual KPI's.

Weighted average remaining contractual life
The weighted average remaining contractual life for the share options outstanding as at 30 June 2020 is 1 year (2019: 11 months)

Range of exercise price
The range of exercise prices for options outstanding at end of the year was $0.29 - $0.80 (2019: $0.80 - $4.00).

The following performance rights were in existence during the 2020 financial year.

Grant date	Vesting date	Exercise price	Fair value at grant date	Balance at the start of the year	Performance rights granted	Performance rights exercised	Balance at the end of the year
12-Dec-17	30-Jun-19	$0.00	$0.71	500,000	-	(500,000)	-
17-Dec-19	30-Jun-20	$0.00	$0.28	-	250,000	-	250,000
17-Dec-19	30-Jun-20	$0.00	$0.28	-	150,000	-	150,000
17-Dec-19	30-Jun-21	$0.00	$0.28	-	250,000	-	250,000
17-Dec-19	30-Jun-21	$0.00	$0.28	-	150,000	-	150,000
				500,000	**800,000**	**(500,000)**	**800,000**

The performance rights vest subject to satisfaction of prescribed vesting conditions including financial, operational, corporate governance, strategic planning and business development objectives set by the Board.

Weighted average remaining contractual life
The weighted average remaining contractual life for the performance rights outstanding as at 30 June 2020 is 1 year and six months (2019: 1 year).

Weighted average fair value
The weighted average fair value of performance rights granted during the year was $0.275 (2019: N/A).

For movements in share options during the prior year, refer to note 20.

For the performance rights granted during the current financial year, the fair value at the grant date was equal to the share price.

The company obtained shareholder approval at its 2019 Annual General Meeting to consolidate its share capital in the ratio of 10:1. The consolidation was effective on 18 December 2019, and the figures above are provided on a post consolidation basis.

Accounting Policy - Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

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

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

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

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

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

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

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

32 Contingent liabilities

The consolidated entity had no contingent liabilities as at 30 June 2020 (2019: nil).

33 Events after the reporting period

In July 2020, the consolidated entity raised $1,990,647 through a 1 for 3 fully underwritten entitlement offer issuing 26,541,960 shares of new common stock, each issued with 1 for 3 attaching Options or 8,847,531 Options. There were a further 11,847,325 Options granted to corporate advisers and sub-underwriters. All Options have a strike price of $0.12 per share and an expiration date of 31 July 2022.

Further, the consolidated entity raised $1,050,000 through a Placement offer issuing 14,000,000 shares of new common stock, with 1 for 3 attaching Options or 4,666,667 Options. Option strike price is $0.12 per share with an expiration date of 31 July 2022. The Placement is subject to shareholder approval, which will be sort at an extraordinary general meeting in September 2020.

On 4 August 2020 the Victorian Government made public health and safety directions that required the consolidated entity to reduce its on-site operations for a period of six weeks due to the COVID-19 pandemic. The consolidated entity's business remains operational after complying with the additional restrictions, with most employees having already transitioned to working from home where possible. Where work is permitted on-site, the consolidated entity continues to operate with processes and protocols in place to support the safety and wellbeing of our employees.

On 17 August 2020 the consolidated entity announced the first AngelMed Guardian patient implants in the Asia Pacific with four implants performed over a three day period in Singapore by Dr Leslie Lam. Each implant procedure was supported by a Hydrix Medical field clinical engineer with real-time remote support from Angel Medical Systems staff in the USA.

Hydrix Limited
Directors' Declaration
30 June 2020

In the directors' opinion:

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

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the financial year ended on that date;

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

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

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

Mr Gavin Coote
Executive Chairman
Dated: 25 August 2020

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Independent Auditor's Report

To the Members of Hydrix Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Hydrix Limited (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 consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

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

a giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the year ended on that date; and

b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Going concern and the impacts of COVID-19 – Note 1(a)	
The consolidated entity incurred a net loss before tax of $2,872,734 and net operating cash outflows of $1,316,565 for the year ended 30 June 2020. Furthermore, in March 2020, the World Health Organisation announced a global COVID-19 pandemic giving rise to a heightened risk of going concern and the impacts to the consolidated entity. Additionally subsequent to balance date, Victoria (the consolidated entity's principal place of business) has suffered a second wave COVID-19 outbreak necessitating the need for this impact to also be considered. The Directors have determined that the use of the going concern basis of accounting is appropriate in preparing the financial report. Their assessment of going concern was based on the preparation of cash flow projection and successful capital raising subsequent to year-end which was completed in July 2020. The preparation of these projections incorporated a number of assumptions and judgements, and the Directors have concluded that the range of possible outcomes considered in arriving at their judgement does not give rise to a significant doubt on the consolidated entity's ability to continue as a going concern. The consolidated entity's use of the going concern basis of accounting and the associated extent of uncertainty of the impacts of COVID-19 is a key audit matter due to the high level of judgement required by us in evaluating the consolidated entity's assessment of going concern.	Our procedures included, amongst others: • Reviewing management's cash flow forecasts and assessing the appropriateness of the model used; • Reviewing the forecast used for mathematical accuracy; • Testing the quality of management forecasting by comparing cash flow forecasts for prior periods to actual outcomes; • Considering year to date results, cash and net working capital position; • Considering any events arising subsequent to year-end that may impact the going concern assumption of the consolidated entity; • Assessing key judgements and assumptions and performed a sensitivity analysis of the inputs in the model; and • Assessing the adequacy of disclosures for compliance in accordance with the Australian Accounting Standards.

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Key audit matter	How our audit addressed the key audit matter
Carrying value of intangible assets – Note 10	
As at 30 June 2020, the carrying value of intangible assets is $7,875,857. In accordance with AASB 136 *Impairment of Assets*, the consolidated entity is required to assess if there are any indicators of impairment and in respect to goodwill, brand name and distribution rights, assess if the carrying value of each CGU is in excess of the recoverable amount. This area is a key audit matter due to the high level of management judgement and estimation required to determine the recoverable value of the CGU.	Our procedures included, amongst others: • Reviewing the value-in-use (VIU) model, for goodwill and brand name, for compliance with AASB 136; • Verifying the mathematical accuracy and methodology appropriateness of the underlying VIU model calculations; • Evaluating the cash flow projections including revenue and costs and the process by which they are developed; • Assessing key judgements and assumptions and performed a sensitivity analysis of the inputs in the model; • Utilising an Auditor's Expert in reviewing the appropriateness of the VIU model; • Reviewing the fair value less cost of disposal calculation for distribution rights; • Reviewing management's assessment of the existence of impairment indicators on other intangible assets during the year; • Reviewing customer contracts and relationships to ensure the contracts are ongoing; and • Assessing the adequacy of disclosures for compliance in accordance with the Australian Accounting Standards.
Revenue recognition – Note 4	
For the year ended 30 June 2020, the consolidated entity recognised revenue of $14,934,225 (2019: $13,320,589) from variable and fixed price service contracts. Revenue is recognised in accordance with AASB *15 Revenue from Contracts with Customers*. The process to measure the amount of revenue to recognise in the financial statements, including the determination of the appropriate timing of recognition and fair value of the transaction price, involves significant management judgement. This area is a key audit matter due to the complexity and judgement associated with the recognition of revenue.	Our procedures included, amongst others: • Gained an understanding of revenue trends for significant revenue categories through analytical review; • Testing a sample of revenue transactions to supporting documentation and assessing whether revenue has been accurately recorded in the correct period; • Testing a sample of contracts to ensure compliance with AASB 15; • Testing the revenue recognition where consideration is in the form of equity issue in the customer's share capital; • Reviewing the progress of fixed price contracts to gain an understanding of the project stage of completion and progress against project budget; and • Assessing the adequacy of disclosures for compliance in accordance with the Australian Accounting Standards.

Key audit matter	How our audit addressed the key audit matter
Acquisition of AngelMed Distribution Rights - Note 10 (i), Note 14 and Note 21	
During the year the consolidated entity acquired the exclusive distribution rights for the AngelMed Guardian system. The distribution rights was measured based on the cost of shares issued and fair value of the contingent considerations on acquisition date in accordance with AASB 138 *Intangible Assets*. The consideration is payable with a mix of upfront and contingent consideration. The contingent consideration is payable in three tranches depending on FDA and other regulatory approvals. This is a key audit matter given the significance of the transaction during the year and the quantum of Financial Statement line items materially impacted.	Our procedures included, amongst others: • Reviewing the key terms of the acquisition agreement; • Assessing the acquisition in line with AASB 138; • Obtaining and testing the mathematical accuracy of management's calculation of the fair value of consideration given in the form of shares issued on completion and shares and cash to be issued as contingent consideration; • Reviewing estimates, judgements and assumptions used by management in the treatment of the contingent consideration liability and equity to be issued; and • Assessing the adequacy of disclosures for compliance in accordance with the Australian Accounting Standards.
Borrowings - restructure of Pure Asset Management debt facility – Note 17	
During the year the consolidated entity executed a new debt facility agreement with Pure Asset Management. The debt facility was drawn down and simultaneously 8,000,000 warrant shares were issued to Pure Asset Management at an exercise price of $0.50 per share. On 30 June 2020, the consolidated entity executed an amended debt facility agreement with Pure Asset Management. The key components of the amendment were to remove the revenue covenants, reschedule principal repayments and reprice the warrants issued. The borrowings restructure was accounted for as an extinguishment of the existing debt and recognition of the new amended debt in accordance with AASB 9 *Financial Instruments*. This required the new financial instruments to be recognised at fair value at the date of the amendment. The debt restructure resulted in an extinguishment loss of $1,063,586 recognised in the statement of profit or loss and other comprehensive income. This area is a key audit matter as there is a significant degree of estimation and judgement required to determine whether the amended facility was a modification or extinguishment and in determining the fair value of the original borrowings at settlement and the fair value of the amended borrowings at 30 June 2020.	Our procedures included, amongst others: • Reviewing key terms in the original debt facility agreement and amended debt facility agreement with Pure Asset Management; • Reviewing the covenants within the amended debt facility to ensure compliance; • Re-calculating the interest expense based on the loan's terms to ensure it was in-line with expectations; • Reviewing management's position paper on the debt restructuring and assessment of extinguishment or modification; • Consulting with Grant Thornton internal experts on the treatment of the warrant shares issued and debt restructure; and • Assessing the adequacy of disclosures for compliance in accordance with the Australian Accounting Standards.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 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 we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilites/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 10 to 15 of the Directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Hydrix Limited, for the year ended 30 June 2020 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

A C Pitts
Partner – Audit & Assurance

Melbourne, 25 August 2020