Ark Technologies Pty Ltd

ABN 83 603 272 359

Annual Report - 30 June 2018

Ark Technologies Pty Ltd
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30 June 2018

The sole director presents his report, together with the financial statements, on the company for the year ended 30 June 2018.

Director
The following person was the sole director of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Dean Mintz

Principal activities
During the financial year the principal continuing activities of the company consisted of the development of software and website for the application of online retail.

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

Review of operations
The profit for the company after providing for income tax amounted to $111,901 (30 June 2017: loss of $122,897).

Significant changes in the state of affairs
The company commenced trading on its online retail sales platform in October 2017.

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

Matters subsequent to the end of the financial year
Subsequent to the end of the financial year the company's parent has applied for quotation on the Australian Securities Exchange (ASX).

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Likely developments and expected results of operations
Information on likely developments in the operations of the company and the expected results of operations have not been included in this report because the sole director believes it would be likely to result in unreasonable prejudice to the company.

However subsequent to the end of the financial year the company continued to grow its online retail sales platform under the Cettire brand name cettire.com.

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

Shares under option
There were no unissued ordinary shares of the company under option outstanding at the date of this report.

Shares issued on the exercise of options
There were no ordinary shares of the company issued on the exercise of options during the year ended 30 June 2018 and up to the date of this report.

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

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

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

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

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

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

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

Dean Mintz
Director

16 October 2020

Grant Thornton Audit Pty Ltd
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Auditor's Independence Declaration

To the Director of Ark Technologies Pty Ltd

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Ark Technologies Pty Ltd for the year ended 30 June 2018, 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, 16 October 2020

Ark Technologies Pty Ltd
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2018

	Note	2018 $	2017 $
Revenue			
Sales revenue		544,278	-
Cost of sales		(262,548)	-
Gross profit		281,730	-
Other income	4	1,011	12,612
Interest revenue calculated using the effective interest method		7,808	402
Expenses			
Advertising and marketing expense		(41,234)	-
Information technology expense		-	(54,151)
Merchant fees		(15,301)	(581)
Bad debt expense		(22,966)	-
Employee benefits expense		(11,069)	(253)
General and administrative expense		(32,440)	(97,784)
Finance costs		-	(1,885)
Profit/(loss) before income tax (expense)/benefit		167,539	(141,640)
Income tax (expense)/benefit	6	(55,638)	18,743
Profit/(loss) after income tax (expense)/benefit for the year attributable to the owners of Ark Technologies Pty Ltd	18	111,901	(122,897)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Ark Technologies Pty Ltd		111,901	(122,897)
		Cents	**Cents**
Basic earnings per share	30	11,190,100	(12,289,700)
Diluted earnings per share	30	11,190,100	(12,289,700)

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

Ark Technologies Pty Ltd
Statement of financial position
As at 30 June 2018

	Note	2018 $	2017 $
Assets			
Current assets			
Cash and cash equivalents	7	316,028	227,979
Trade and other receivables	8	3,053	4,797
Inventories	9	11,191	-
Derivative financial instruments	10	11	-
Research and development incentive receivable	6	247,810	113,515
Total current assets		578,093	346,291
Non-current assets			
Intangibles	11	1,582,637	1,017,547
Deferred tax assets	6	27,714	80,271
Total non-current assets		1,610,351	1,097,818
Total assets		2,188,444	1,444,109
Liabilities			
Current liabilities			
Trade and other payables	12	360,571	75,714
Related party payables	14	1,288,727	1,217,177
Contract liabilities	13	22,864	-
Employee benefits	15	2,043	-
Other liabilities	16	118,035	-
Total current liabilities		1,792,240	1,292,891
Non-current liabilities			
Deferred tax liabilities	6	3,081	-
Employee benefits	15	229	-
Other liabilities	16	642,268	512,493
Total non-current liabilities		645,578	512,493
Total liabilities		2,437,818	1,805,384
Net liabilities		(249,374)	(361,275)
Equity			
Issued capital	17	1	1
Accumulated losses	18	(249,375)	(361,276)
Total deficiency in equity		(249,374)	(361,275)

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

Ark Technologies Pty Ltd
Statement of changes in equity
For the year ended 30 June 2018

	Issued capital $	Accumulated losses $	Total deficiency in equity $
Balance at 1 July 2016	1	(238,379)	(238,378)
Loss after income tax benefit for the year	-	(122,897)	(122,897)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	(122,897)	(122,897)
Balance at 30 June 2017	1	(361,276)	(361,275)

	Issued capital $	Accumulated losses $	Total deficiency in equity $
Balance at 1 July 2017	1	(361,276)	(361,275)
Profit after income tax expense for the year	-	111,901	111,901
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	111,901	111,901
Balance at 30 June 2018	1	(249,375)	(249,374)

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

Ark Technologies Pty Ltd
Statement of cash flows
For the year ended 30 June 2018

	Note	2018 $	2017 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		598,604	-
Payments to suppliers and employees (inclusive of GST)		(138,338)	(202,136)
		460,266	(202,136)
Interest received		7,808	402
Interest and other finance costs paid		-	(1,885)
Research and development incentive received		113,515	272,344
Net cash from operating activities	28	581,589	68,725
Cash flows from investing activities			
Payments for intangibles	11	(565,090)	(182,567)
Net cash used in investing activities		(565,090)	(182,567)
Cash flows from financing activities			
Proceeds from related parties		71,550	219,996
Net cash from financing activities		71,550	219,996
Net increase in cash and cash equivalents		88,049	106,154
Cash and cash equivalents at the beginning of the financial year		227,979	121,825
Cash and cash equivalents at the end of the financial year	7	316,028	227,979

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

Note 1. General information

The financial statements cover Ark Technologies Pty Ltd as an individual entity. The financial statements are presented in Australian dollars, which is Ark Technologies Pty Ltd's functional and presentation currency.

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

Level 40
140 William Street
Melbourne Vic 3000

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

The financial statements were authorised for issue, in accordance with a resolution of the sole director, on 16 October 2020.

Note 2. Significant accounting policies

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

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

New or amended Accounting Standards or Interpretations that are not yet mandatory have been early adopted from 1 July 2016.

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

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

AASB 9 Financial Instruments
The company has early adopted AASB 9 from 1 July 2016. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

Note 2. Significant accounting policies (continued)

AASB 15 Revenue from Contracts with Customers
The company has early adopted AASB 15 from 1 July 2016. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

AASB 16 Leases
The company has early adopted AASB 16 from 1 July 2016. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Going concern
The financial report has been prepared on a going concern basis which assumes that the company will be able to meet its obligations as and when they fall due. At 30 June 2018 the company's current liabilities exceed current assets by $1,214,147 (2017: $946,600).

The director notes the following in their going concern assessment:
- As at 30 June 2018 the company has $1,288,727 of current liabilities owed to the shareholder (refer note 13). The company has obtained confirmation from the related parties that the balances owed as at 30 June 2018 will not be called upon for repayment to an extent which would result in the company not being able to pay its debts as and when they fall due for a period of at least 12 months from the signing date of the financial report.
- In addition, the company has obtained confirmation from the shareholder that should it be required the related parties will provide ongoing financial support to the company for a period up to 12 months from the signing date of the financial report.

The director has considered the position of the company and, based on the above, consider the going concern basis to be appropriate for preparation of the financial report.

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

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 company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Note 2. Significant accounting policies (continued)

Foreign currency translation
The financial statements are presented in Australian dollars, which is Ark Technologies Pty Ltd's functional and presentation currency.

Foreign currency transactions
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Revenue recognition
The company recognises revenue as follows:

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

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

Sale of goods
Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

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

Other revenue
Other revenue is recognised when the promised performance obligation is satisfied.

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.

Note 2. Significant accounting policies (continued)

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

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

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

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

The company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Impairment of non-financial assets
Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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

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

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

Note 3. Critical accounting judgements, estimates and assumptions

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

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

Coronavirus (COVID-19) pandemic
Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the company operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

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

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

Employee benefits provision
As discussed in note 2, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Note 4. Other income

	2018 $	2017 $
Net foreign exchange gain	11	-
Other income	1,000	12,612
Other income	1,011	12,612

Note 5. Expenses

	2018 $	2017 $
Profit/(loss) before income tax includes the following specific expenses:		
Rental expense relating to operating leases		
Minimum lease payments	-	19,633

Note 6. Income tax

	2018 $	2017 $
Income tax expense/(benefit)		
Deferred tax - origination and reversal of temporary differences	55,638	(18,743)
Aggregate income tax expense/(benefit)	55,638	(18,743)
Deferred tax included in income tax expense/(benefit) comprises:		
Decrease/(increase) in deferred tax assets	52,557	(18,743)
Increase in deferred tax liabilities	3,081	-
Deferred tax - origination and reversal of temporary differences	55,638	(18,743)
Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate		
Profit/(loss) before income tax (expense)/benefit	167,539	(141,640)
Tax at the statutory tax rate of 27.5% (2017: 30%)	46,073	(42,492)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Sundry items	2,876	23,749
	48,949	(18,743)
Adjustment to deferred tax balances as a result of change in statutory tax rate	6,689	-
Income tax expense/(benefit)	55,638	(18,743)

	2018 $	2017 $
Deferred tax asset		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Tax losses	20,801	80,271
Deferred customer revenue	6,288	-
Employee benefits	625	-
Deferred tax asset	27,714	80,271
Movements:		
Opening balance	80,271	61,528
Credited/(charged) to profit or loss	(52,557)	18,743
Closing balance	27,714	80,271

Note 6. Income tax (continued)

	2018 $	2017 $
Deferred tax liability		
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Derivative financial instruments	3	-
Inventories	3,078	-
Deferred tax liability	3,081	-
Movements:		
Opening balance	-	-
Charged to profit or loss	3,081	-
Closing balance	3,081	-

	2018 $	2017 $
Research and development incentive receivable	247,810	113,515

Refer to note 16 for further information on the research and development incentive.

Accounting policy for 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.

Note 7. Cash and cash equivalents

	2018 $	2017 $
Current assets		
Cash at bank	269,869	227,979
Cash on deposit	46,159	-
	316,028	227,979

Accounting policy for 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.

Note 8. Trade and other receivables

	2018 $	2017 $
Current assets		
Other receivables	3,053	4,797

Accounting policy for trade and other receivables
Other receivables are recognised at amortised cost, less any provision for impairment.

Note 9. Inventories

	2018 $	2017 $
Current assets		
Stock in transit - at cost	11,191	-

Accounting policy for inventories
Stock in transit is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Note 10. Derivative financial instruments

	2018 $	2017 $
Current assets		
Forward foreign exchange contracts	11	-

Refer to note 21 for further information on fair value measurement.

Accounting policy for derivative financial instruments
Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Derivatives are classified as current or non-current depending on the expected period of realisation.

Note 11. Intangibles

	2018 **$**	**2017** **$**
Non-current assets		
Website and software development - at cost	1,582,637	1,017,547

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

	Website and software development $	Total $
Balance at 1 July 2016	834,980	834,980
Additions	182,567	182,567
Balance at 30 June 2017	1,017,547	1,017,547
Additions	565,090	565,090
Balance at 30 June 2018	1,582,637	1,582,637

Accounting policy for 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.

Website and software development
Website and software research costs are expensed in the period in which they are incurred. Website and software development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the company is able to use or sell the asset; the company has sufficient resources and intent to complete the development; and its costs can be measured reliably. Capitalised website and software development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years commencing one year from the date of capitalisation, or when the asset becomes ready for use, whichever is later.

Note 12. Trade and other payables

	2018 $	2017 $
Current liabilities		
Trade payables	262,039	-
Other payables	98,532	75,714
	360,571	75,714

Refer to note 20 for further information on financial instruments.

Accounting policy for trade and other payables
These amounts represent liabilities for goods and services provided to the company 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 the agreed credit terms.

Note 13. Contract liabilities

	2018 $	2017 $
Current liabilities		
Contract liabilities	22,864	-

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

	2018 $	2017 $
Opening balance	-	-
Payments received in advance	22,864	-
Closing balance	22,864	-

Accounting policy for contract liabilities
Contract liabilities represent the company's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the company recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the company has transferred the goods or services to the customer.

Note 14. Related party payables

	2018 $	2017 $
Current liabilities		
Payables to shareholder	1,288,727	1,217,177

Note 15. Employee benefits

	2018 $	2017 $
Current liabilities		
Annual leave	2,043	-
Non-current liabilities		
Long service leave	229	-

Note 15. Employee benefits (continued)

Accounting policy for employee benefits

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

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

Note 16. Other liabilities

	2018 $	2017 $
Current liabilities		
Deferred research and development incentive	118,035	-
Non-current liabilities		
Deferred research and development incentive	642,268	512,493

Movements in deferred revenue during the current financial year are set out below:

Deferred research and development incentive	Current $	Non-current $	Total $
Carrying amount at 1 July 2016	-	398,978	398,978
Amounts transferred from non-current	-	113,515	113,515
Carrying amount at 30 June 2017	-	512,493	512,493
Additional income deferred	-	247,810	247,810
Transferred to current	118,035	(118,035)	-
Carrying amount at 30 June 2018	118,035	642,268	760,303

Accounting policy for deferred research and development incentive
The company receives a tax offset from the government for some of the cost of doing eligible research and development activities. The company has claimed a refundable tax offset of 43.5% of eligible research and development spend, which is paid in cash after submission of a valid claim.

The incentive should be recognised in profit or loss over the periods necessary to match the benefit of the credit with the costs for which it is intended to compensate. Where the research and development has been in whole or in part capitalised, the company has accounted for the tax benefit as deferred income that is recognised in profit or loss on a systematic basis matching the useful life of the asset.

Note 17. Issued capital

	2018 Shares	2017 Shares	2018 $	2017 $
Ordinary shares - fully paid	1	1	1	1

Note 17. Issued capital (continued)

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.

Capital risk management
The company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The company is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

Accounting policy for issued capital
Ordinary shares are classified as equity.

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

Note 18. Accumulated losses

	2018 $	2017 $
Accumulated losses at the beginning of the financial year	(361,276)	(238,379)
Profit/(loss) after income tax (expense)/benefit for the year	111,901	(122,897)
Accumulated losses at the end of the financial year	(249,375)	(361,276)

Note 19. Dividends

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

Franking credits

	2018 $	2017 $
Deferred debit balance of the franking account at the beginning of the period	459,205	126,616
Franking debits that will arise from the receipt of the research and development offset for the current year	247,810	113,515
Balance of franking account adjusted for deferred debits arising from past research and development offsets received and expected research and development tax offsets to be received for the current year	707,015	240,131

Note 20. Financial instruments

Financial risk management objectives
The company's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The company'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 company. The company uses derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The company uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Director ('the Board'). These policies include identification and analysis of the risk exposure of the company and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the company's operating units. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk
The company undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The maturity, settlement amounts and the average contractual exchange rates of the company's outstanding forward foreign exchange contracts at the reporting date were as follows:

	Sell Australian dollars 2018 $	Average exchange rates 2018
Buy Euros		
Maturity:		
0 - 3 months	11,304	0.6340

The carrying amount of the company's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets		Liabilities	
	2018 $	2017 $	2018 $	2017 $
Euros	11	-	265,286	-
Singapore dollars	20,759	-	-	-
	20,770	-	265,286	-

Based on this position, the company is not exposed to any significant foreign currency sensitivity from its existing financial liabilities.

Price risk
The company is not exposed to any significant price risk.

Interest rate risk
The company is not exposed to any significant interest rate risk.

Note 20. Financial instruments (continued)

Credit risk
The company is not exposed to any significant credit risk.

Liquidity risk
Vigilant liquidity risk management requires the company 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 company 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.

Remaining contractual maturities
The following tables detail the company's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

2018	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	-	262,039	-	-	-	262,039
Other payables	-	98,532	-	-	-	98,532
Shareholder payables	-	1,288,727	-	-	-	1,288,727
Total non-derivatives		1,649,298	-	-	-	1,649,298

2017	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						
Other payables	-	75,714	-	-	-	75,714
Shareholder payables	-	1,217,177	-	-	-	1,217,177
Total non-derivatives		1,292,891	-	-	-	1,292,891

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.

Note 21. Fair value measurement

Fair value hierarchy
The following tables detail the company's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

2018	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Forward foreign exchange contracts	-	11	-	11
Total assets	-	11	-	11

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Valuation techniques for fair value measurements categorised within level 2 and level 3
Derivative financial instruments have been valued using quoted market rates. This valuation technique maximises the use of observable market data where it is available and relies as little as possible on entity specific estimates.

Accounting policy for fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Note 22. Key management personnel disclosures

Director
The following person was the sole director of Ark Technologies Pty Ltd during the financial year:

Dean Mintz

No remuneration was made to the sole director during the year ended 30 June 2018 (2017: nil).

Note 23. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Grant Thornton, the auditor of the company:

	2018 $	2017 $
Audit services - Grant Thornton		
Audit of the financial statements	15,000	-
Other services - Grant Thornton		
Other non-assurance services	15,026	8,228
	30,026	8,228

Note 24. Contingent liabilities

The company had no contingent liabilities as at 30 June 2018 and 30 June 2017.

Note 25. Commitments

The company had no commitments as at 30 June 2018 and 30 June 2017.

Note 26. Related party transactions

Parent entity
Ark Technologies Pty Ltd is the parent entity.

Key management personnel
Disclosures relating to key management personnel are set out in note 22.

Transactions with related parties
There were no transactions with related parties during the current and previous financial year, with the exception of proceeds received or repaid to the shareholder included in note 29.

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	2018 $	2017 $
Current payables:		
Payables to shareholder	1,288,727	1,217,177

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Note 27. Events after the reporting period

Subsequent to the end of the financial year the company's parent has applied for quotation on the Australian Securities Exchange (ASX).

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Note 28. Reconciliation of profit/(loss) after income tax to net cash from operating activities

	2018 $	2017 $
Profit/(loss) after income tax (expense)/benefit for the year	111,901	(122,897)
Adjustments for:		
Net fair value gain on forward foreign exchange contracts	(11)	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	1,744	(2,811)
Increase in inventories	(11,191)	-
Decrease/(increase) in deferred tax assets	52,557	(18,742)
Increase in research and development incentive receivable	(134,295)	158,829
Increase/(decrease) in trade and other payables	284,857	(59,168)
Increase in deferred tax liabilities	3,081	-
Increase in employee benefits	2,272	-
Increase in other operating liabilities	270,674	113,514
Net cash from operating activities	581,589	68,725

Note 29. Changes in liabilities arising from financing activities

	Payables to shareholders $	Total $
Balance at 1 July 2016	997,181	997,181
Amounts received	219,996	219,996
Balance at 30 June 2017	1,217,177	1,217,177
Amounts received	71,550	71,550
Balance at 30 June 2018	1,288,727	1,288,727

Note 30. Earnings per share

	2018 $	2017 $
Profit/(loss) after income tax attributable to the owners of Ark Technologies Pty Ltd	111,901	(122,897)

Note 30. Earnings per share (continued)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	1	1
Weighted average number of ordinary shares used in calculating diluted earnings per share	1	1

	Cents	Cents
Basic earnings per share	11,190,100	(12,289,700)
Diluted earnings per share	11,190,100	(12,289,700)

Accounting policy for earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Ark Technologies Pty Ltd, 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.

Note 31. Operating segments

Identification of reportable operating segments
The company is organised into one (1) operating segment: online retail sales. This segments is based on the internal reports that are reviewed and used by the Director (who is identified as the Chief Operating Decision Maker ('CODM')) in assessing performance and in determining the allocation of resources.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

Accounting policy for 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 Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Ark Technologies Pty Ltd
Director's declaration
30 June 2018

In the sole director's 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 2 to the financial statements;

- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and

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

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

Dean Mintz
Director

16 October 2020

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Independent Auditor's Report

To the Director of Ark Technologies Pty Ltd

Report on the audit of the financial report

Opinion

We have audited the financial report of Ark Technologies Pty Ltd (the Company), which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Director's declaration.

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

a giving a true and fair view of the Company's financial position as at 30 June 2018 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 Company in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (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.

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

The Director is responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

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

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

Responsibilities of the Director for the financial report

The Director of the Company is 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*. The Director's responsibility also includes such internal control as the Director determines 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 Director is responsible for assessing the Company'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 Director either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

A C Pitts
Partner – Audit & Assurance

Melbourne, 16 October 2020