HEXIMA LIMITED

ASX ANNOUNCEMENT

HEXIMA PROPOSES ACQUIRING REAL THING ENTERTAINMENT PTY LTD

MELBOURNE, AUSTRALIA (24th July 2024).

Highlights:

- Hexima has entered into a binding but conditional share sale agreement to acquire 100% of the issued capital of Real Thing Entertainment Pty Ltd (RealThing) which has developed an artificial intelligence platform that allows users to achieve outcomes using simple voice commands through to complex dialogue.
- Hexima to issue RealThing shareholders an aggregate of 78,974,300 fully paid ordinary HXL shares and 8,721,504 options to acquire fully paid ordinary HXL shares (with a $0.20 (20 cent) exercise price and expiring on 5 March 2026), on a post proposed 1 for 10 Consolidation basis and subject to rounding.
- Hexima proposing to undertake a capital raising via a public offer under a prospectus to raise between a minimum of $4 million and up to a maximum $7.5 million (before costs).
- Hexima will issue two RealThing shareholders an aggregate of up to 2.5 million shares (on a post-Consolidation basis) at a deemed price equal to the capital raising price to redeem convertible notes previously issued by RealThing with an aggregate face value of $500,000.
- Hexima proposes appointing Mr Silvio Salom (a director of RealThing) and Dr Michael Georgeff (a pioneer in intelligent agents) as directors, and appointing other new senior management, subject to completion of the acquisition by Hexima of RealThing.
- Hexima proposes changing its name to RealThing AI Limited, with effect upon completion of the acquisition of RealThing.
- The Transaction is subject to various conditions precedent, including receipt of required shareholder approvals, and Hexima successfully re-complying with Chapters 1 and 2 of the ASX Listing Rules. Further details and terms of the proposed Transaction and ancillary matters are set out below.

Important notes:

- The acquisition by Hexima of RealThing requires shareholder approval under the ASX Listing Rules and therefore may not proceed if that approval is not forthcoming;
- Hexima is required to re-comply with ASX's requirements for admission and quotation and therefore the acquisition by Hexima of RealThing may not proceed if those requirements are not met;
- ASX has an absolute discretion in deciding whether or not to re-admit Hexima to the official list and to quote its securities and therefore the acquisition by Hexima of RealThing may not proceed depending on how ASX exercises that discretion; and
- Investors should take account of these uncertainties in deciding whether or not to buy or sell the securities of Hexima.

Agreement to acquire Real Thing

Hexima Limited (ASX: HXL) (**Hexima** or the **Company**) is pleased to announce that it has entered a binding but conditional share sale agreement (**Agreement**) to acquire all the issued capital of Real Thing Entertainment Pty Ltd [ACN 121 222 624] (**RealThing**) from the shareholders of RealThing. In this announcement the acquisition by Hexima of all the issued capital of RealThing is referred to as the **Transaction**.

About RealThing and the Transaction

RealThing has developed an artificial intelligence platform called AiSAP (Autonomous Intelligent Software Agent Platform). AiSAP provides a new paradigm in user device interaction. Instead of asking questions, the user asks for an outcome communicating in natural language. AiSAP agents deliver that outcome in a changing and dynamic environment. The first set of products, which are currently sold in the UK and USA markets, are assistive applications for the visually impaired.

Further detail of RealThing including the principal activities of RealThing, the structure of its corporate group, the jurisdictions within which it operates, and its business model (including any key dependencies and key risks) are set out in Annexure A.

Upon completion of the Transaction, Hexima will become the holding entity (parent company) of RealThing and its corporate group, with RealThing's business becoming the Company's main undertaking.

The consideration payable by the Company to the shareholders of RealThing or their respective nominees or associates (**RealThing Vendors**) comprises an aggregate of 789,743,000 fully paid ordinary HXL shares and 87,215,044 options to acquire fully paid ordinary HXL shares with a $0.02 (2 cent) exercise price and expiring on 5 March 2026 on a current, pre-Consolidation basis (approximately 78,974,300 shares and 8,721,504 options with a $0.20 (20 cent) exercise price on a post-Consolidation basis, subject to rounding). Details of the proposed 1 for 10 Consolidation of the issued capital of the Company are described later in this announcement. The issue of the Hexima shares and options as consideration for the acquisition of RealThing is subject to approval by Hexima shareholders.

The Company will also issue up to 25 million shares (on a current, pre-Consolidation basis, being up to 2.5 million shares on a post-Consolidation basis) to two RealThing shareholders to redeem two convertible notes with a combined face value of $500,000 issued by RealThing, with effect on and subject to completion of the Transaction. The issue of the Hexima shares to redeem the convertible notes is a condition of the Transaction and is subject to approval by Hexima shareholders.

Mr Silvio Salom and Dr Michael Georgeff will be proposed for election as directors of Hexima, with effect on and from completion of the Transaction. It is proposed that Mr Salom will take office as the Non-Executive Chairman of the Board, and Dr Georgeff will be a Non-Executive Director. The election of Mr Salom is a condition of the Transaction. The Company is also proposed to appoint other senior management as described in Annexure B with effect on and from completion of the Transaction.

Mr Justin Yap has indicated he will resign as a director of Hexima upon and subject to completion of the Transaction. The Board thanks Mr Yap for his contributions to the Company.

Mr Geoffrey Kempler will continue as Managing Director, and Mr Phillip Hains will continue as a Non-Executive Director.

Hexima also proposes:

(a) adopting an employee share option plan (ESOP) and issuing 9,977,190 HXL options with an exercise price of $0.029 (2.9 cents) (on a pre-Consolidation basis, being 997,719 options with a $0.29 (29 cent) exercise price on a post-Consolidation basis) vesting in three equal tranches on 1 September 2024, 2025, and 2026 and expiring five years after vesting to replace incentive options issued by RealThing to one of its employees. The adoption of the ESOP and issue of options are conditions of the Transaction, and are subject to approval by Hexima shareholders; and

(b) issuing 250,000 shares to a service provider Rebecca Wilson and/or her nominee, in lieu of cash as payment for communications and investor relations services, at a deemed issue price equal to Capital Raising price ($0.20 (20 cents) post-Consolidation) **(Advisor Shares),** subject to approval by Hexima shareholders and the Transaction being completed.

RealThing group's business will become Hexima's sole undertaking other than continuing to retain certain royalty rights. In late 2023, Hexima entered into an agreement with Deftbiotech Pty Ltd, associated with the inventor of the pezadeftide technology and founders of Hexima, who will take on the rights to pezadeftide and assume all costs associated with maintaining the intellectual property and future development. Hexima will be entitled to a royalty on any revenue generated from the intellectual property. Hexima also maintains rights to potential future royalties associated with insecticidal genes discovered during its collaboration with DuPont Pioneer, now Corteva Agrisciences (**Corteva**). One of the families of genes identified during this collaboration was recently published by Corteva in the prestigious scientific journal, *Proceedings of the National Academy of Science* (PNAS) and Corteva continues to pursue development of these insecticidal molecules for use in transgenic crops. No further investment is required by Hexima for this program and Corteva is responsible for all development and commercialisation costs.

Hexima is preparing a detailed notice for the general meeting at which shareholder approval in connection with the Transaction and related matters will be sought. The notice of meeting will set out further detail and include an independent expert's report in respect of the Transaction. The notice of meeting will be released to ASX, and shareholders notified or sent a copy when it is available.

The key terms of the Agreement (including any required approvals and material conditions to be satisfied or waived for the Transaction to proceed) are summarised in Annexure B.

Copies of RealThing's audited financial reports for the years ended 30 June 2022 and 2023 and audit reviewed financial report for the half year ended 31 December 2023 are enclosed as Annexure C.

Capital Raising

In connection with the Transaction and Hexima seeking to re-comply with Chapters 1 and 2 of the ASX Listing Rules, the Company intends issuing a prospectus for a public offer of fully paid ordinary shares to raise between a minimum of $4 million (200 million shares) and up to a maximum of $7.5 million (375 million shares) (each before costs) at a proposed issue price of $0.02 (2 cents) per share, each on a pre-Consolidation basis (20 million to 37.5 million shares at a proposed issue price of $0.20 (20 cents) per share on a post-Consolidation basis) (**Capital Raising**). The issue of the Hexima shares under the Capital Raising is a condition of the Transaction and is subject to approval by Hexima shareholders. Further details of the proposed 1 for 10 Consolidation are described later in this announcement.

The Company's proposed use of the funds raised under the Capital Raising at both the minimum subscription and maximum subscription amounts are set out in the following table:

Use of funds	Minimum subscription level ($4m)	%	Maximum subscription level ($7.5m)	%
R & D (including IP development)	$1,788,000	27.9%	$2,622,000	26.5%
Sales, marketing & customer support	$1,656,000	25.9%	$2,527,000	25.5%
Engineering	$1,174,000	18.3%	$2,335,000	23.6%
Corporate	$1,162,000	18.1%	$1,440,000	14.6%
Administration	$218,000	3.4%	$347,000	3.5%
Costs of raising capital	$410,000	6.4%	$620,000	6.3%
Total	**$6,408,000**	**100.0%**	**$9,891,000**	**100.00%**

Note: The above table is indicative only and accordingly is subject to change. Use of funds at each subscription level includes use of estimated residual Hexima funds (estimated based on cash expenditures since 31 December 2023, and completion of the Transaction in accordance with the indicative timetable provided below).

The Company has appointed MST Financial Services Pty Ltd [ACN 617 475 180] [AFSL 500557] (**MST**) to act as lead manager of the Capital Raising. The fees payable by the Company for MST acting as lead manager of the Capital Raising will comprise the greater of $100,000 or the total of 6% of the amount raised from investors other than any investors included in a Chair's list and 2% of the amount raised from the Chair's list investors. The Capital Raising is not underwritten.

Proposed Consolidation and Hexima capital structure

As a condition precedent of the Transaction, the Company proposes consolidating its capital on a 1 for 10 basis (that is, every ten (10) securities are consolidated into one (1) securities, with the exercise prices of options changed in inverse proportions) (**Consolidation**). The Consolidation is conditional upon shareholder approval which will be sought at the same meeting as other approvals to be sought by Hexima in connection with the Transaction.

The indicative existing capital structure of Hexima on a pre- and post-Consolidation basis is described in the following table (which is subject to rounding):

Class of security	Number pre-Consolidation	Number post-Consolidation^	Exercise price pre-Consolidation	Exercise price post-Consolidation^	Expiry date
Ordinary shares	167,039,629	16,703,963	-	-	-
Unlisted options	32,500	3,250	$1.00	$10.00	15/11/24
Unlisted options	250,000	25,000	$1.00	$10.00	28/01/25

Class of security	Number pre-Consolidation	Number post-Consolidation^	Exercise price pre-Consolidation	Exercise price post-Consolidation^	Expiry date
Unlisted options	3,350,000	335,000	$0.0575	$0.575	04/09/28
Unlisted options	2,900,000	290,000	$0.20	$2.00	14/10/30
Unlisted options	1,085,000	108,500	$0.205	$2.05	27/07/31
Unlisted options	536,500	53,650	$0.275	$2.75	01/09/31

^ Subject to rounding.

Anticipated dates for the Consolidation form part of the overall timetable for the Transaction are set out below.

Details of HXL shares and options, and issue and exercise prices in the remainder of this announcement are shown on a post-Consolidation basis unless otherwise stated.

The proposed Consolidation ratio and/or issue price of shares under the Capital Raising may change, in which case the Company would make a further announcement about the effect on the above and including updated information about the numbers, issue prices and exercise prices of shares and options referred to in this announcement.

In the past 6 months prior to this announcement, the Company issued 3,350,000 unlisted options with an exercise price of $0.0575 (on a pre-Consolidation basis, being 335,000 options with an exercise price of $0.575 on a post-Consolidation basis) expiring on 4 September 2028 under an employee incentive scheme. No consideration was provided, and no funds were raised from the issue. The options are included in the above table.

Indicative Capital Structure – post-Transaction (on post-Consolidation basis)

The post-Consolidation fully diluted capital structure of the Company following completion of the Transaction and the Capital Raising (at both the minimum and maximum subscription amounts, assuming a $0.20 (20 cent) issue price under the Capital Raising) is set out in the following table:

	Number at Minimum ($4m) Subscription*	***% at Minimum Subscription***	***Number at Maximum ($7.5m) Subscription****	***% at Maximum Subscription***
Existing HXL shares	16,703,963	13.0%	16,703,963	11.4%
Existing HXL options	815,400	0.6%	815,400	0.6%
Existing HXL shareholders – sub-total	*17,519,363*	*13.6%*	*17,519,363*	*12.0%*
Consideration Shares to RealThing Vendors^	78,974,300	61.2%	78,974,300	53.8%
Consideration Options to RealThing Vendors^	8,721,504	6.8%	8,721,504	6.0%

	*Number at Minimum ($4m) Subscription**	*% at Minimum Subscription*	*Number at Maximum ($7.5m) Subscription**	*% at Maximum Subscription*
Consideration shares and options sub-total	*87,695,804*	*68.0%*	*87,695,804*	*59.8%*
Shares to two RealThing Shareholders to redeem RealThing convertible notes	2,500,000	1.9%	2,500,000	1.7%
RealThing shareholders sub-total	*90,195,804*	*69.9%*	*90,195,804*	*61.5%*
ESOP options to replace RealThing employee's options, vesting described as above	997,719	0.8%	997,719	0.7%
Sub-Total post-acquisition / pre-Capital Raising+	*108,712,886*	*84.3%*	*108,712,886*	*74.2%*
Capital Raising shares	20,000,000	15.5%	37,500,000	25.6%
Advisor Shares	250,000	0.2%	250,000	0.2%
TOTAL	**128,962,886**	**100.0%**	**146,462,886**	**100.0%**

** All securities shown on a post-Consolidation basis and all percentages are subject to rounding.*
^ Approximate (subject to rounding).
+ Sub-total for information – does not imply acquisition will be completed before the Capital Raising.

The following table sets out the capital structure without the dilutive effect of options:

	*Number at Minimum ($4m) Subscription**	*% at Minimum Subscription*	*Number at Maximum ($7.5m) Subscription**	*% at Maximum Subscription*
Existing HXL shares	16,703,963	14.1%	16,703,963	12.3%
Consideration Shares to RealThing Vendors^	78,974,300	66.7%	78,974,300	58.1%
Shares to two RealThing Shareholders to redeem RealThing convertible notes	2,500,000	2.1%	2,500,000	1.8%
RealThing shareholders - subtotal	*81,474,300*	*68.8%*	*81,474,300*	*59.9%*

	*Number at Minimum ($4m) Subscription**	*% at Minimum Subscription*	*Number at Maximum ($7.5m) Subscription**	*% at Maximum Subscription*
Sub-Total post-acquisition / pre-Capital Raising+	*98,178,263*	*82.9%*	*98,178,263*	*72.2%*
Capital Raising shares	20,000,000	16.9%	37,500,000	27.6%
Advisor Shares	250,000	0.2%	250,000	0.2%
TOTAL	**118,428,263**	**100.0%**	**135,928,263**	**100.0%**

** All securities shown on a post-Consolidation basis and all percentages are subject to rounding.*
^ Approximate (subject to rounding).
+ Sub-total for information – does not imply acquisition will be completed before the Capital Raising.

It is not anticipated that any person will acquire control of, or voting power of 20% or more in, Hexima as a result of the Transaction. It is however noted that the Company proposes seeking shareholder approval for the purposes of item 7 of section 611 of the Corporations Act on the basis that the RealThing Vendors will be acting in concert in respect of the Transaction (and will therefore be considered to be associated) up to the date of completion of the Transaction.

Indicative Timetable

An indicative timetable for the Transaction and matters ancillary thereto (including the Capital Raising) is as follows:

Announcement of the Transaction to ASX	24 July 2024
Date the Notice of Meeting is sent to shareholders	22 August 2024
Lodgement of the prospectus with ASIC and ASX for the Capital Raising	22 August 2024
Opening date of the Capital Raising offer under the prospectus	27 August 2024
Date of the Meeting	23 September 2024
Closing date of the Capital Raising offer under the prospectus	30 September 2024
Completion of the Transaction and Capital Raising	9 October 2024
Dispatch of holding statements	11 October 2024
Quotation of Capital Raising shares on ASX commences	18 October 2024

An indicative timetable for the completion of the Consolidation is set out below:

The Company announces the Consolidation to ASX using an Appendix 3A.3.	24 July 2024
The Company sends out the Notice to shareholders for the Meeting.	22 August 2024
The Meeting passes the necessary resolution approving the Consolidation, effective on the date of the resolution (being the date of the Meeting).	23 September 2024
The Company announces the effective date of the Consolidation (being the date of the Meeting).	23 September 2024
Effective date of the Consolidation (being the date of the Meeting).	23 September 2024
Last day for trading pre-Consolidation.	24 September 2024
Unless otherwise determined by ASX, trading in post-Consolidation securities commences on a deferred settlement basis.	25 September 2024
Record date and last day for the Company to register transfers on a pre-Consolidation basis.	26 September 2024
First day for the Company to update its register and to send holding statements to security holders reflecting the change in the number of securities that they hold.	27 September 2024
Last day for the Company to update its register and to send holding statements to security holders reflecting the change in the number of securities that they hold and to notify ASX that this has occurred.	3 October 2024*

** Note: This is the last possible date for the Company to complete this step. It is anticipated that the Company will complete this step shortly after the record date for the Consolidation and in any event prior to the last possible date specified in the table above.*

The above timetables are indicative only and accordingly are subject to change. The above timetables are not to be read as indicating that re-compliance will necessarily be achieved, or the Transaction and Capital Raising completed by the above times or at all. The Company will provide further updates by announcements to ASX in due course as and when applicable.

Likely financial effect of the Transaction

The likely effect of the Transaction (including the Capital Raising at both the minimum subscription and maximum subscription amounts) on the consolidated total assets, total equity interests, annual revenue, annual expenditure and annual profit before tax at the minimum and maximum subscription levels for the Capital Raising is described in the following tables:

A	**B**	**C**	**D**	**E**
Particulars	**Before Potential Transaction^**	**Increase/Decrease due to Potential Transaction**	**After Potential Transaction**	**Percentage change due to Potential Transaction**
MINIMUM RAISE				
Total Consolidated Assets	$2,650,564	$3,886,121	$6,536,685	247%
Total Equity Interests	$2,544,661	$2,361,265	$4,905,926	193%
Total Consolidated Revenue	$82,459	$560,453	$642,912	780%

A	B	C	D	E
Particulars	**Before Potential Transaction^**	**Increase/Decrease due to Potential Transaction**	**After Potential Transaction**	**Percentage change due to Potential Transaction**
Consolidated EBITDA	($384,769)	($1,479,883)	($1,864,652)	485%
Total Loss Before Tax	($384,769)	($1,493,924)	($1,878,693)	488%
MAXIMUM RAISE				
Total Consolidated Assets	$2,650,564	$7,176,121	$9,826,685	371%
Total Equity Interests	$2,544,661	$9,496,974	$12,041,635	473%
Total Consolidated Revenue	$82,459	$560,453	$642,912	780%
Consolidated EBITDA	($384,769)	($1,479,883)	($1,864,652)	485%
Total Loss Before Tax	($384,769)	($1,493,924)	($1,878,693)	488%

^ Hexima reviewed consolidated 31 December 2023.

The above likely effect is an indicative summary only, based on 31 December 2023 (most recent audit reviewed) financial statements, per ASX guidance regarding reverse takeover transactions, and information available to Hexima at the date of this announcement in making adjustments for subsequent actual and anticipated expenditures and events including the acquisition and Capital Raising less anticipated costs of the issue. Further financial information will be provided in the notice of the general meeting at which approvals by Hexima shareholders will be sought and the prospectus to be issued by Hexima in connection with the Capital Raising.

Name change

Hexima proposes changing its name to "RealThing AI Limited", with effect upon completion of the acquisition of RealThing. The name change is proposed to reflect the Company's business after the Transaction but is not a condition of the Transaction.

The Company's ASX code is anticipated to change to "RTA". The timing of the change will be in accordance with a procedural timetable that will be announced to ASX shortly before the name change takes effect. Until such time, the Company's ASX code will remain "HXL".

ASX Statements and Confirmations

In addition to the other information contained in this announcement, the Company makes the statements and provides the following confirmations in accordance with the requirements of Annexure A to Guidance Note 12:

- The Company has undertaken appropriate enquiries into the assets and liabilities, financial position and performance, profits and losses, and prospects of RealThing for the board of the Company) to be satisfied that the Transaction is in the interests of the Company and its shareholders. The Company anticipates undertaking further due diligence under the Agreement. The due diligence investigations will be relevant to the preparation of the prospectus for the Capital Raising, among other things.
- The Company applied for ASX in-principle advice in connection with the Transaction. On 22 February 2024 ASX confirmed that, based on the information provided by the Company and the facts known at the time, it was not aware of any reasons that would cause the Company not to

have a structure and operations suitable for a listed entity for the purposes of Listing Rule 1.1 Condition 1 or that would cause ASX to exercise its discretion to refuse re-admission to the official list under Listing Rule 1.19. It is a condition of ASX's confirmation that the Company lodges its re-compliance application by mid-August 2024 unless ASX grants a further extension.

- The Transaction requires shareholder approval under the ASX Listing Rules and therefore the Transaction may not proceed if that approval is not forthcoming.
- The Company is required to re-comply with ASX's requirements for admission and quotation and therefore the Transaction may not proceed if those requirements are not met.
- ASX has an absolute discretion in deciding whether or not to re-admit the Company to the official list and to quote its securities and therefore the Transaction may not proceed depending on how ASX exercises that discretion.
- Investors should take account of these uncertainties in deciding whether or not to buy or sell the entities securities.
- The completion of the Capital Raising also forms part of the requirements for the Company to satisfy the requirements of Chapters 1 and 2 of the ASX Listing Rules.
- ASX takes no responsibility for the contents of this announcement.
- The Company is in compliance with its continuous disclosure obligations under ASX Listing Rule 3.1.

Appendices 3B containing further details will be released to ASX at or about the same time as this announcement.

This announcement is authorised for release to ASX by Mr Geoffrey Kempler, Chairman of Hexima Limited.

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Annexure A - About RealThing and the Transaction

RealThing (Real Thing Entertainment Pty Ltd [ABN 80 121 222 624]) was founded in Victoria in 2008. Details of RealThing and its business based on information provided by RealThing are set out below.

RealThing's operating history

- (2008) Launched with initial focus on building a unique Belief, Desire, Intention (BDI) Autonomous Intelligent Software Agent Platform (AiSAP), based on many decades of research and development (R&D) from the key staff members in the field of intelligent agents applied to defence and aerospace markets. In collaborative research with universities, RealThing's objective for developing the platform was to enable applications to interact intelligently with humans through speech based conversational interactions in order to "get things done" on behalf of the user.
- (2013) Initial applications investigated for use in interactive toys and games for children with initial prototyping contract from Hasbro.
- (2015) Moved on to accessibility tools for blind and low-vision individuals.
- (2018) Launched the RealSAM voice-enabled book and newspaper reader in collaboration with the UK's Royal National Institute for Blind People (RNIB), which later evolved into a phone with multiple features.
- (Q4 2019) Secured a contract with the Library of Congress' National Library Service through a competitive public tender process for a portable smart book reader.
- (Q4 2020) Secured a further contract with the Library of Congress following a successful tender for a smart speaker solution.
- (Q2 2022) Introduced the RealSAM Pocket product into the US, targeting Veterans Affairs and state accessibility programs.
- (Q3 2022) Began field testing with 500 users of the Library of Congress' RealSAM library solution on smart speakers.

Main business activity and activities

RealThing has developed an artificial intelligence platform based on Belief, Desire, Intention (BDI) Autonomous Intelligent Software Agents. It understands users' goals and helps them to achieve outcomes using voice-based dialogue. RealThing utilises its platform to build intelligent applications which it markets internationally.

RealSAM – Voice Accessibility Products for Visually Impaired

Under the RealSAM brand, RealThing sells and supports assistive technology products for the visually impaired based on its AI platform. There are three main RealSAM products:

- RealSAM Pocket – the flagship voice driven assistive device that includes features supporting independence, entertainment, and social connections. It is built on a premium Samsung handset and includes a magnifier, access to over 3 million sighted volunteers through the "Be My Eyes" service, talking navigation, clock, weather, reminders, phone call and texting and access to thousands of audio books, magazines, newspapers and podcasts through our partnerships with large libraries and blindness organisations. RealSAM Pocket is sold outright or on a monthly plan with linked mobile service.
- RealSAM Phone – a cut down version of Pocket for those people who just want a communications device along with some assistance features. RealSAM Phone is sold outright or on a monthly plan with linked mobile service.

- RealSAM Hub – a service available over Amazon Alexa smart speakers providing voice access to content, services, and information. Customers can access thousands of audio books, podcasts, and information relevant to vision impaired communities. Hub is sold as a monthly or annual subscription.

RealSAM products are sold retail in the UK through its local subsidiary RealSAM Ltd and are sold wholesale in the USA by its local subsidiary RealSAM Inc through its network of distributors to US Veterans Affairs and state programs for accessible technologies.

The US subsidiary also licenses RealThing's applications to the Library of Congress (**LoC**) as well as providing professional services to customise the applications for them.

RealSAM Voice Library & Media System (VLMS)

The RealSAM VLMS seeks to transform the way users interact with digital libraries and media. Designed with accessibility at its core, our VLMS empowers vision-impaired individuals and tech-challenged users to navigate and consume media with just their voice. With innovative search capabilities that enable the user to explore content through interactive dialogue, VLMS enables libraries to make their content widely accessible to vulnerable communities, offering a complete solution that includes secure hosting, streaming, and catalogue management. Currently supported content includes text-based books, audiobooks, eBooks, newspapers, magazines and podcasts. The content can be accessed through many different portals including phones, speakers, Web browsers and TVs.

The VLMS already hosts content from several large organisations in the UK, including The Royal National Institute for Blind People **(RNIB)** and Torch Trust, as well as The National Library Service and Project Gutenberg in the USA.

<u>RealThing – Key features of business model</u>

RealThing's AI platform technology is licensed on a per user per year basis. This is embedded into subscription contracts and product sales to consumers, and into licensing agreements with large organisations such as the Library of Congress in USA and Virgin Media O2 in the UK. This revenue flows back to the Australian parent company as payment for the IP licences.

With the US Government, RealThing has long term Agile development contracts based on "sprints" to cover its professional services work in modifying and configuring its products for the particular requirements of the Library of Congress.

In the US retail market, RealThing products are sold to Assistive Technology Distributors with the State and Federal Government dispensing the product for free to end users. The products have been approved for dispensing by Veterans Affairs and a growing number of State based support programs.

In the UK, RealSAM products are sold directly to users via an eCommerce platform, with either a bundled subscription or an outright purchase. In the UK market RealThing has partnered with the largest sight loss charity being the Royal National Institute for Blind People (RNIB), as well as a major Telco in Virgin Media O2.

In summary, RealThing has:

- Diverse revenue streams including direct consumer sales, B2B wholesale distribution, licensing, and professional services.
- Collaborations, approvals and licensing agreements with significant partners like Library of Congress and Veterans Affairs in USA, and Virgin Media O2 and RNIB in the UK.
- RealSAM Consumer products and customisable Voice Library & Media System (VLMS) solution catering to large organisations' needs.

RealThing – Existing and proposed level of operations (including proposed post-Transaction operations as part of Hexima group)

RealThing currently has 22 employees across the group. This includes the main management, commercial, and development teams in RealThing Australia, as well as sales, support, and technical teams in the UK, USA, Italy, and Indonesia.

Plans are to expand the team with at least 10 new hires in the near term including:

- US Country Manager – An experienced senior manager responsible for Business Development, Sales, and relationships with the major customers and partners.
- US Project Manager – drive the success of the US based program deliveries including the Library of Congress, Veterans Affairs and State Programs.
- Other US: Technical Support; Sales; Customer Support.
- Australia: Senior Software Engineers; Scrum Master; Digital Marketer.
- UK: Sales; Technical Support; Customer Support.

Roles such as customer support and sales will be expanded as the revenues and customers bases for the RealSAM products grow.

The markets that RealThing is already selling into have excellent potential for growth, with significant numbers of vision impaired people who can benefit from RealThing's products and services.

Further growth will be targeted through geographic expansion with initial focus on other English-speaking countries such as Australia, Canada, South Africa, and New Zealand, and then through expansion of other languages, initially Spanish for South America and Spain. The RealThing platform is designed to easily facilitate multi-lingual access.

Over time, RealThing plans to introduce additional products and services based on its Autonomous Intelligent Software Agent Platform (AiSAP).

Proposed Board and Management of Hexima

On Completion of the Transaction, the Company proposes Mr Silvio Salom (a director of RealThing) and Dr Michael Georgeff be appointed to the Board of Hexima. Resolutions for the election of Mr Salom and Dr Georgeff will be included in the notice of the general meeting at which shareholder approvals will be sought. It is proposed that Mr Salom will take office as the Non-Executive Chairman of the Board, at which time Mr Geoffrey Kempler will continue as Managing Director, and that Dr Georgeff will be a Non-Executive Director.

A biography for Mr Salom is included below:

Over the past 30 years Silvio has founded numerous software companies including Adacel Technologies (ASX: ADA) and Lochard Limited and led their global success. Silvio spearheaded numerous relevant programs including Voice Recognition and Synthesis Systems utilising artificial intelligence as applied to Air Traffic Control and Fighter aircraft, as well as automated Machine Translation System for the Australian Department of Defence and subsequently an on-line translation service. Under his leadership, in each case the technology was developed, deployed and commercialized into global markets.

A biography for Dr Georgeff is included below:

Dr Georgeff has been at the forefront of software innovation and commercialisation for over 45 years. He was one of the pioneers of intelligent agent technology, creating a new paradigm for the way computational systems are built and operated. He was invited to Australia by the then Prime Minister, Mr. Bob Hawke, to set up the Australian Artificial Intelligence Institute and was Program Director in the Artificial Intelligence Center at SRI International, one of the world's most respected research establishments. He was also a member of Stanford University's Center for the Study of Language and Information, a select group of researchers exploring the frontiers of human and machine cognition. Dr Georgeff has founded numerous software businesses.

It is also proposed that the following senior executives are proposed to be appointed following completion of the Transaction:

Nick Howden – CEO
25+ years of experience in the commercialisation of intelligent agents and AI software into industries including Defence, Emergency Management, Healthcare, as well as technology for Accessibility and Disability. His prior leadership role within CAE's Professional Services (simulation and training) involved delivery of multiple software projects to Australian Defence worth many millions of dollars. He has created and managed over $10m of R&D programs in collaboration with universities, navigating the intersection of industry needs and academic pursuits. Nick was a key scientist at the Australian Artificial Intelligence Institute.

Andrew Hodgson – CTO
25+ years of experience as a CTO and software architect with a wide-ranging history of translating research into products. Commercialised research from SRI's AI labs into the world's first commercial agent system. He has previously helped build multiple successful technology companies including The Preston Group, Australian Artificial Intelligence Institute, Agent-Oriented Software.

Brendan Lewis – CCO
25+ years of experience in developing technology businesses internationally in Asia, USA, UK, Africa. Senior Executive roles in Sales, Marketing & Finance as well as being CEO & Founder of several technology services businesses, 3 of which he sold. City of London's representative in Australia for Trade & Investment for 6 years.

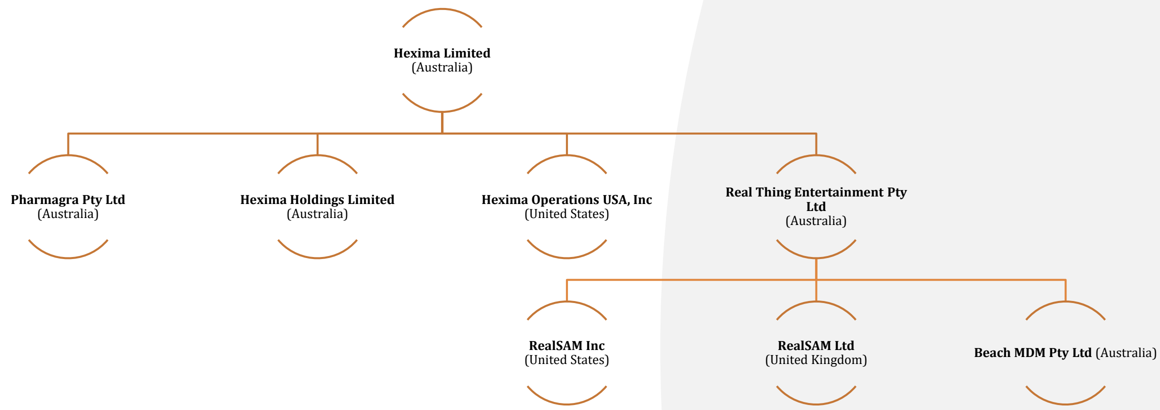
Ralph Ronnquist – CSO
30 years of experience in Speech, Audio Processing and Artificial Intelligence. Creator of several Intelligent Agent and Team Oriented development environments and created courseware and led professional training around the world on intelligent agent technology. Previously a key member of Agent-Oriented Software and the Australian Artificial Intelligence Institute.

Intellectual property

RealThing's core intellectual property, its Autonomous Intelligent Software Agent Platform (AiSAP), is held as a trade secret.

Applications: RealThing utilises its platform to build intelligent applications which, include the RealSAM suite of products and the Voice Library & Media System (VLMS). The products and the underlying platform undergo ongoing enhancements and developments that ensure they remain at the forefront of innovation and efficacy.

Proposed Post-Transaction Hexima Group Structure



Key Risks

A selection of the key risks in connection with the RealThing business are described below:

- Risks in connection with existing and potential contractual arrangements of RealThing.
- Dependence on third parties (counterparties, suppliers and providers).
- Governmental and regulatory risk.
- Loss making operation and future funding requirements.
- Growth strategy and execution risk.
- Reliance on key management personnel and staff.
- Intellectual property rights risks.
- Competition, new technologies and market risks.
- Product development and scalability risks.
- Brand and reputation, user experience, product satisfaction and customer support requirements risks.
- Cybersecurity risks.
- Economic and foreign exchange risks.

RealThing is also subject to further specific and general risks. Further details of the risks applicable to the Company and RealThing will be included in the notice of meeting and prospectus to be issued by the Company in connection with the Transaction.

The Transaction and Re-compliance (also referred to as re-admission)

The acquisition of RealThing upon completion of the Transaction will result in a change to the nature and scale of the Company's operations which requires:

- shareholder approval under the ASX Listing Rules. A general meeting will be called to seek that approval, and various other approvals required for the Transaction, the Capital Raising and ancillary matters; and
- recompliance with re-admission requirements under Chapters 1, 2 and 11 of the ASX Listing Rules.

Assuming shareholder approvals are received, the Transaction will only proceed if the Company is able to demonstrate re-compliance with the applicable Listing Rules. This will include having at least 300 distinct, non-affiliated shareholders each with a free-trading holding of at least 10,000 shares (a parcel with a value of at least $2,000 at the Capital Raising issue price, all on a post-Consolidation basis), a free float of at least 20% (that, non-affiliated shareholders holding free-trading shares equal to or exceeding 20% of the issued shares of the Company), any securities issued to acquire a classified assets (which would be anticipated to include acquiring RealThing) being restricted (escrowed) in accordance with ASX's requirements, having commitments consistent with its stated objectives (being the conduct of the RealThing business after completion of the Transaction) to expend at least half its cash and assets in a form readily convertible to cash less the costs of the capital raising, a minimum 20 cent issue price for shares issued under the Capital Raising and all options on issue having an exercise price of at least 20 cents, working capital (on a pro forma basis) of at least $1.5 million, and either net tangible assets of at least $4 million or a market capitalisation (at the Capital Raising issue price) of $15 million. The Company will also be required satisfy and to confirm it has adopted up to date documentation such as corporate governance policies and to provide other documents and meet other requirements of ASX generally.

The Company is undertaking the proposed Consolidation and the Capital Raising with the objective of achieving these requirements.

Annexure B – Terms of Share Sale Agreement

A summary of the material terms of the Agreement entered into by the Company, RealThing and the shareholders of RealThing to give effect to the Transaction are set out below. This Annexure B is a summary of the material terms of the Agreement only. All figures and amounts included in this Annexure B are included on a post-Consolidation basis.

Consideration	Subject to the satisfaction of the relevant conditions precedent described below, the Company intends to acquire 100% of the issued capital of RealThing in consideration of the issue of the following to the RealThing Vendors (on a post-Consolidation basis, and subject to rounding): • 78,974,300 fully paid ordinary Hexima shares; and • 8,721,504 options to acquire fully paid ordinary HXL shares, each with an exercise price of $0.20 and expiration date of 5 March 2026. The above are collectively the **Consideration Securities**. The Company will also issue an aggregate of up to 2.5 million shares (on a post-Consolidation basis) to redeem two convertible notes issued by RealThing with a total combined face value of $500,000, as described below.
Conditions Precedent	Completion of the Transaction is conditional upon the following matters which are to be satisfied or waived by 30 September 2024 (or such other date agreed between Hexima and RealThing in writing): • The cancellation of all securities or rights or interests in securities of RealThing, other than the RealThing shares to be transferred at completion of the Transaction and the Short-Term Loans (which are to be repaid by way of an issue of fully paid ordinary Hexima shares as described below), such cancellation to be to the reasonable satisfaction of Hexima and not increasing the number of Consideration Securities. • Discharge of all debts and liabilities of RealThing except for the Excluded Debts described below and Short-Term Loans, such discharge to be to the reasonable satisfaction of Hexima and not increasing the number of Consideration Securities. • The Company obtaining board, shareholder and regulatory approvals or waivers considered necessary or desirable by it, including ASX, ASIC and Hexima shareholder approvals, including but not limited to approval to: o Change the nature and/or scale of Hexima's activities in accordance with ASX Listing Rule 11.1.2;

	○ Issue the Consideration Securities to the RealThing Vendors and the shares to redeem the RealThing convertible notes (including all approvals for the purposes of Chapter 2E and section 611 of the Corporations Act); ○ Permit the participation of existing Directors and/or their nominees or associates in the Capital Raising (without their participation being an obligation or requirement); ○ Adopt an employee incentive scheme with approval to issue options; ○ Appoint Silvio Salom as a director of Hexima, to be effective immediately after completion of the Transaction; ○ Complete the Consolidation; and ○ Matters incidental to Hexima and the Transaction, including as considered appropriate by Hexima. • The report of the expert which is to be obtained by Hexima for inclusion in the notice of general meeting seeking the shareholder approvals described above concluding that, in the expert's opinion the Transaction is fair and reasonable or is not fair but is reasonable. • The Company receiving valid applications for at least $3.5 million under the Capital Raising (noting the minimum subscription of $4 million under the Capital Raising would exceed this amount). • Hexima being reasonably anticipated to be able to satisfy the requirements of ASX for the spread of shareholding and free float of Hexima shares as required by the ASX Listing Rules (subject to any waiver or modification granted by ASX) after the Capital Raising. • Conditional approval being received from (or being indicated as being proposed to be given by) ASX in writing, which approval is subject only to reasonable and usual conditions which are acceptable to Hexima in connection with re-compliance with the admission requirements of ASX. • All required third party consents required by RealThing in connection with the Transaction being obtained. • No fact, matter or circumstance which may have a material adverse effect having occurred prior to the last of the above conditions being fulfilled or waived.

	The Agreement also provides for changing the name of Hexima to "RealThing AI Limited" or such other name as may be considered appropriate by Hexima (and to make incidental amendments to the constitution of Hexima), which the Company has determined to seek without being a condition necessary for completion of the Transaction.
Excluded Debts	The Excluded Debts comprise the following debts and liabilities of RealThing at the date of the announcement: • Financial accommodation provided to RealThing by Lighter Capital Australia Pty Ltd [ACN 642 087 483] and its assigns by way of subscription for loan notes and ancillary agreements and documents including guarantees by one or more subsidiaries and security agreements or deeds. Currently an amount less than $150,000 is outstanding. • Long term unsecured, limited recourse loans to RealThing totalling $525,000 and accruing interest (payable when the loans are repayable) at the rate of 8% per annum, which are not repayable before the second anniversary of the acquisition of RealThing by Hexima and reinstatement of Hexima's securities to quotation thereafter (and then are only repayable at a maximum of 20% of EBITDA in any one year but which RealThing may repay earlier in part or whole at its discretion).
Short Term Loans (RealThing Convertible Notes)	**Short Term Loans** means secured, interest free, limited recourse loans to RealThing by two RealThing shareholders totalling $500,000 by way of two convertible notes with a face value of $250,000 each. The convertible notes will be redeemed (and the Short Term Loans repaid) by an issue of an aggregate of up to 2.5 million shares of the Company not forming part of the Consideration Shares, at a deemed issue price equal to the Capital Raising price ($0.20 (20 cents)), on a post-Consolidation basis).
Other Terms	The Agreement otherwise contains terms which are typical for an agreement of a similar nature including requirements around the management of both Hexima and RealThing pending completion, warranties and representations underpinned by relevant indemnities that are subject to minimum and maximum limits, and provisions of confidentiality and dispute resolution.

Annexure C – RealThing Financial Statements

For the financial years ended 30 June 2022 and 2023 and the half year ended 31 December 2023 - see following pages.

Real Thing Entertainment Pty Ltd

ABN 80 121 222 624

Annual Report - 30 June 2022 (restated)

WilliamBuck
ACCOUNTANTS & ADVISORS

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF REAL THING ENTERTAINMENT PTY LTD

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2022 there have been:

— no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

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

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

N. S. Benbow
Director
Melbourne, 12 July 2024

Level 20, 181 William Street, Melbourne VIC 3000 +61 3 9824 8555 vic.info@williambuck.com
williambuck.com

General information

The financial statements cover Real Thing Entertainment Pty Ltd as a group consisting of Real Thing Entertainment Pty Ltd and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Real Thing Entertainment Pty Ltd's functional and presentation currency.

Real Thing Entertainment Pty Ltd is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

72 Faraday St
Carlton VIC 3053
Australia

Principal place of business

72 Faraday St
Carlton VIC 3053
Australia

The Real Thing Entertainment Pty Ltd group is a technology firm centred on developing cutting-edge AI solutions specifically designed to assist vulnerable communities.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 11 July 2024. The directors have the power to amend and reissue the financial statements.

Real Thing Entertainment Pty Ltd
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2022

	Note	Consolidated 2022 $	2021 $ Unaudited
Revenue			
Revenue from contracts with customers (restated, note 27)	2	1,328,267	1,034,464
Cost of goods sold (restated, note 27)		(507,664)	(436,553)
Gross profit		820,603	597,911
Other income	3	1,035,457	769,238
Other gains/(losses) - net		(2,150)	(460)
General and administrative expenses (restated, note 27)	4	(450,997)	(500,613)
Marketing expenses (restated, note 27)	5	(822,157)	(573,465)
Research and development expenditure	6	(1,443,458)	(844,150)
Amortisation expense		(43,398)	-
Interest expense		(7,486)	-
Operating loss		(913,586)	(551,539)
Loss before income tax expense		(913,586)	(551,539)
Income tax expense		(70,567)	-
Loss after income tax expense for the year		(984,153)	(551,539)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations (restated, note 27)		3,250	13,915
Other comprehensive income for the year, net of tax		3,250	13,915
Total comprehensive income for the year		(980,903)	(537,624)

	Note	Dollars	
Loss per share for loss attributable to the ordinary equity holders of the company:			
Basic and diluted loss per share (restated, note 27)	25	(0.72)	(0.40)

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

Real Thing Entertainment Pty Ltd
Statement of financial position
As at 30 June 2022

	Note	Consolidated 2022 $	2021 $
Assets			
Current assets			
Cash and cash equivalents		262,434	1,170,410
Trade and other receivables	7	493,579	338,282
Inventories		42,134	-
Prepayments		41,810	80,312
Total current assets		839,957	1,589,004
Non-current assets			
Property, plant and equipment		3,960	12,707
Right-of-use assets	8	216,987	-
Rental deposits		13,508	13,481
Total non-current assets		234,455	26,188
Total assets		1,074,412	1,615,192
Liabilities			
Current liabilities			
Trade and other payables	9	1,104,250	1,071,201
Loans from shareholders	10	1,591,000	1,591,000
Income tax payable		70,567	-
Lease liabilities		40,822	-
Provisions for employee entitlements	12	298,943	108,200
Unearned revenue		161,105	244,879
Total current liabilities		3,266,687	3,015,280
Non-current liabilities			
Lease liabilities		188,716	-
Total non-current liabilities		188,716	-
Total liabilities		3,455,403	3,015,280
Net deficiency of assets		(2,380,991)	(1,400,088)
Equity			
Issued capital	13	2,446,711	2,446,711
Other reserves (restated, note 27)	16	64,607	61,357
Accumulated losses (restated, note 27)		(4,892,309)	(3,908,156)
Total deficiency in equity		(2,380,991)	(1,400,088)

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

Real Thing Entertainment Pty Ltd
Statement of changes in equity
For the year ended 30 June 2022

Consolidated	Issued capital $	Other reserves $	Accumulated losses $	Total deficiency in equity $
Balance at 1 July 2020 (Unaudited)	1,454,421	(11,494)	(3,356,617)	(1,913,690)
Loss after income tax expense for the year	-	-	(551,539)	(551,539)
Other comprehensive income for the year, net of tax	-	13,915	-	13,915
Total comprehensive income for the year	-	13,915	(551,539)	(537,624)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 13)	992,290	-	-	992,290
Issue of options for services	-	58,936	-	58,936
Balance at 30 June 2021 (Unaudited)	2,446,711	61,357	(3,908,156)	(1,400,088)

Consolidated	Issued capital $	Other reserves $	Accumulated losses $	Total deficiency in equity $
Balance at 1 July 2021	2,446,711	61,357	(3,908,156)	(1,400,088)
Loss after income tax expense for the year	-	-	(984,153)	(984,153)
Other comprehensive income for the year, net of tax	-	3,250	-	3,250
Total comprehensive income for the year	-	3,250	(984,153)	(980,903)
Balance at 30 June 2022	2,446,711	64,607	(4,892,309)	(2,380,991)

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

Real Thing Entertainment Pty Ltd
Statement of cash flows
For the year ended 30 June 2022

	Note	Consolidated 2022 $	2021 $ Unaudited
Cash flows from operating activities			
Receipts from customers (inclusive of GST) (restated, note 27)		1,317,844	1,040,225
Payments to suppliers and employees (inclusive of GST) (restated, note 27)		(3,146,286)	(2,175,990)
Government grants received		913,820	750,290
Interest received		67	197
Interest paid		(27)	(9,822)
Interest paid on leases		(7,486)	-
Net cash used in operating activities	17	(922,068)	(395,100)
Cash flows from investing activities			
Payments for property, plant and equipment		(5,045)	(16,201)
Net cash used in investing activities		(5,045)	(16,201)
Cash flows from financing activities			
Proceeds from issue of shares		-	1,017,000
Repayment of redeemable preference shares		-	(24,710)
Principal elements of lease payments		(25,782)	-
Net cash from/(used in) financing activities		(25,782)	992,290
Net increase/(decrease) in cash and cash equivalents		(952,895)	580,989
Cash and cash equivalents at the beginning of the financial year		1,170,410	581,379
Effects of exchange rate changes on cash and cash equivalents		44,919	8,042
Cash and cash equivalents at the end of the financial year		262,434	1,170,410

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

Note 1. Operating segment (restated, note 27)

Identification of reportable operating segments
The group is organised into one business segment: AI technology development and sales. The business segment is based on the internal reports that are reviewed and used by Executive Management (who is identified as the Chief Operating Decision Maker ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

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

Disaggregation of revenue
Revenue is earned in the following geographical regions: United Kingdom, and United States.

	Consolidated	
Geographical regions	**2022 $**	**2021 $**
United Kingdom	787,221	670,753
United States	541,046	363,711

Major customers
During the year ended 30 June 2022 the group had one major customer accounting for 34% of revenue (2021: 33%). A customer is considered major if its revenues are 10% or more of the group's revenue.

Note 2. Revenue (restated, note 27)

	Consolidated	
	2022 $	**2021 $ Unaudited**
Revenue - product sales	85,497	17,730
Revenue - subscriptions	787,221	670,753
Revenue - professional services	455,549	345,981
	1,328,267	1,034,464

Note 3. Other income

	Consolidated	
	2022 $	**2021 $ Unaudited**
Government grants	671,961	527,182
Interest received	67	197
R&D tax incentive	361,774	241,859
Other income	1,655	-
	1,035,457	769,238

Note 4. General and administrative expenses

	Consolidated 2022 $	Consolidated 2021 $ Unaudited
Accounting and audit	46,589	25,222
Employee benefits - corporate (note 11)	176,397	154,058
Information and communication technology	96,927	50,015
Legal and filing fees	2,330	34,608
Occupancy costs	13,534	20,338
Travel and entertainment	41,309	15,303
Other general and administrative expenses	73,911	201,069
	450,997	500,613

Note 5. Marketing expenses

	Consolidated 2022 $	Consolidated 2021 $ Unaudited
Advertising	58,343	69,929
Marketing consultants (restated, note 27)	101,320	29,942
Employee benefits - marketing (note 11)	662,494	473,594
	822,157	573,465

Note 6. Research and development expenditure

	Consolidated 2022 $	Consolidated 2021 $ Unaudited
Employee benefits - research and development (note 11)	1,443,458	844,150

Note 7. Trade and other receivables

	Consolidated 2022 $	Consolidated 2021 $
Current assets		
Trade receivables	131,805	96,423
R&D tax refund receivable	361,774	241,859
	493,579	338,282

Ageing of trade receivables

Note 7. Trade and other receivables (continued)

The following is an analysis of the ageing of receivables that are not impaired:

Consolidated	**2022 $**	**2021 $**
Not overdue	81,968	59,664
0 to 3 months overdue	49,499	36,405
Over 6 months overdue	338	354
	131,805	96,423

Note 8. Right-of-use assets

	Consolidated	
	2022 $	**2021 $**
Non-current assets		
Property - right-of-use	260,385	-
Less: Accumulated depreciation	(43,398)	-
	216,987	-

Additions to the right-of-use assets during the year were $260,385.

In July 2021 the group entered into a three-year commercial lease in Carlton. The lease is for the use of business operation and office facilities. This lease includes an extension option for a further 3 years by written request to the landlord before 1 February 2024.

Note 9. Trade and other payables

	Consolidated	
	2022 $	**2021 $ Unaudited**
Current liabilities		
Trade payables	175,952	117,716
Accrued Expenses	29,022	33,800
Amounts payable to related parties	859,228	859,228
Other payables	40,048	60,457
Total current liabilities	1,104,250	1,071,201
Total non-current liabilities	-	-

Note 10. Loans from shareholders

	Consolidated 2022 $	Consolidated 2021 $ Unaudited
Current liabilities		
Loans from shareholders		
Soh Kim Pong Loan*	289,000	289,000
	289,000	289,000
Loans from related parties		
Launcher BB Loan	980,000	980,000
Lawrence Paratz Loan	322,000	322,000
	1,302,000	1,302,000
	1,591,000	1,591,000

* The Soh Kim Pong Loan is guaranteed personally by other shareholders of the company. The loan has no security interest/charge over the assets of the group or subsidiaries in the group.

These borrowings are unsecured, payable at call, non-interest bearing and have no equity conversion entitlements. The Launcer BB (43% shareholding interest in the Company) and Lawrence (common director) loans are both with related parties.

Note 11. Employee expenses

2021 (Unaudited)	Salaries and wages $	Post employment benefits $	Share-based payments expense $	Payroll on-costs $	Total $
Administrative	144,596	-	-	9,462	154,058
Marketing	425,597	5,584	-	42,413	473,594
Research and development	798,307	-	-	45,843	844,150
	1,368,500	5,584	-	97,718	1,471,802

2022	Salaries and wages $	Post employment benefits $	Share-based payments expense $	Payroll on-costs $	Total $
Administrative	153,204	-	-	23,193	176,397
Marketing	559,122	5,039	-	98,333	662,494
Research and development	1,261,428	-	-	182,030	1,443,458
	1,973,754	5,039	-	303,556	2,282,349

Note 12. Provisions for employee entitlements

	Consolidated	
	2022	2021
	$	$
Current liabilities		
Annual leave	174,143	71,253
Long service leave	26,885	-
Annual leave owing to related parties	76,949	36,947
Long service leave owing to related parties	20,966	-
	298,943	108,200

Note 13. Issued capital

	Consolidated			
	2022	2021	2022	2021
	Shares	Shares	$	$
Ordinary shares	1,290,247	1,290,247	1,446,711	1,446,711
Preference shares	72,562	72,562	1,000,000	1,000,000
Redeemable shares	-	-	-	-
	1,362,809	1,362,809	2,446,711	2,446,711

Movements in ordinary shares

Details	**Number of Shares**	**Total $**
Balance at 1 July 2020	1,289,077	1,429,711
Issue at $14.53 (2021 - 03 - 31)	1,170	17,000
Balance at 30 June 2021	1,290,247	1,446,711
Balance at 30 June 2022	1,290,247	1,446,711

Movements in preference shares

Details	**Shares**	**$**
Balance at 1 July 2020	-	-
Issue at $13.78 (2021 - 03 - 15)	36,281	500,000
Issue at $13.78 (2021 - 03 - 15)	36,281	500,000
Balance at 30 June 2021	72,562	1,000,000
Balance at 30 June 2022	72,562	1,000,000

Note 13. Issued capital (continued)

Movements in redeemable shares

Details	Shares	$
Balance at 1 July 2020	70,601	24,710
Cancellation of redeemable shares at $0.35 (2021 - 02 -01)	(70,601)	(24,710)
Balance at 30 June 2021	-	-
Balance at 30 June 2022	-	-

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.

Preference shares
Preference 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, with priority over ordinary shareholders.

Preference shares entitle the holder to vote on any matter (at a general meeting of the group or otherwise) that is submitted to the holders of Ordinary Shares or otherwise and, in respect of any such matter, the right to cast such number of votes that the holder would have been entitled to cast on an As Converted Basis calculated immediately before the relevant vote.

Note 14. Capital risk management

The group'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.

In order to maintain or adjust the capital structure, the company may issue new shares or reduce its capital, subject to the provisions of the company's constitution. The capital structure of the company consists of equity attributed to equity holders of the company, comprising contributed equity, reserves and accumulated losses. By monitoring undiscounted cash flow forecasts and actual cash flows provided to the board by the company's management, the board monitors the need to raise additional equity from investors.

Note 15. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year. (2021: nil)

Note 16. Other reserves

The consolidated balance sheet line item ‘Other reserves’ is comprised of the following:

	Consolidated	
	2022 $	2021 $
Foreign currency reserve (restated, note 27)	5,671	2,421
Options reserve	58,936	58,936
	64,607	61,357

Note 16. Other reserves (continued)

Foreign currency reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Options on issue

Grant date	Tranche #	Vesting date	Expiry date	Number of options	Exercise price $
01/09/2018	Tranche #1	01/09/2019	01/09/2024	7,000	7.97
01/09/2018	Tranche #2	01/09/2020	01/09/2025	7,000	7.97
01/09/2018	Tranche #3	01/09/2021	01/09/2026	7,000	7.97
12/03/2021	N/A	12/03/2021	12/03/2026	9,790	8.51
12/03/2021	N/A	12/03/2021	12/03/2024	43,345	14.53

Note 17. Cash flow information

Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2022 $	2021 $ Unaudited
Loss after income tax expense for the year	(984,153)	(551,539)
Adjustments for:		
Depreciation and amortisation	13,792	7,564
Depreciation on leased assets	43,398	-
Share-based payments	-	58,936
Foreign exchange differences (restated, note 27)	(61,419)	(12,519)
Change in operating assets and liabilities:		
Movement in trade and other receivables	(125,186)	(22,940)
Movement in inventories	(42,134)	-
Movement in other current assets	17,719	(17,719)
Movement in trade and other payables	38,379	34,917
Movement in contract liabilities	(83,774)	-
Movement in provision for income tax	70,567	-
Movement in other provisions	190,743	108,200
Net cash used in operating activities	(922,068)	(395,100)

Note 18. Critical accounting judgements, estimates and assumptions

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the group's accounting policies.
This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the financial statements.

Note 18. Critical accounting judgements, estimates and assumptions (continued)

Revenue from contracts with customers involving sale of goods and services
When recognising revenue in relation to the sale of goods to customers, the key performance obligation of the group is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

When recognising revenue in relation to the sale of services to customers, the key performance obligation of the group is considered to be the point of delivery of the services provided to the customer, as this is deemed to be the time that the customer obtains access to the provided services and therefore benefits from the services provided..

Research and Development Rebate
With the successful track record of the consolidated entity in obtaining the Research and Development rebate form the ATO, the estimated 2023 rebate of $361,744 has been accrued into income for the year ended 30 June 2022 (2021: $241,859).

The consolidated entity is entitled to claim grant credits from the Australian Government in recompense for its research and development program expenditure. The program is overseen by AusIndustry, which is entitled to audit and/or review claim lodged for the past 4 years. In the event of a negative finding from such an audit or review AusIndustry has the right to rescind and clawback those prior claims, potentially with penalties. Such a finding may only occur in the event that those expenditures do not appropriately qualify for the grant program. In their estimation, considering also the independent external expertise they have contracted to draft and claim such expenditures, the directors of the company consider that such a negative review has a remote likelihood of occurring.

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

Significant estimates and judgements

The areas involving significant estimates or judgements are:

- Estimation of employee benefit obligations
- Judgment on the group's ability to remain a going concern (note 27)

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group provides product warranties to its customers. In the directors' view, there is no material provision relevant to these financial statements owing to both the low and infrequent warranty claim history, the fact that underlying hardware is in-turn provided by warranty by wholesale suppliers and finally that support for software warranties is absorbed into the Group's technical support function and forms part of the overall revenue recognition policies attached to the provision of that software to the customer.

Note 19. Financial Risk Management

Financial risk management objectives
This note explains the group's exposure to financial risks and how these risks could affect the group’s future financial performance.

The group’s risk management is predominantly controlled by the board. The board monitors the group's financial risk management policies and exposures and approves substantial financial transactions. It also reviews the effectiveness of internal controls relating to market risk, credit risk and liquidity risk.

Market risk

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

Note 19. Financial Risk Management (continued)

Foreign exchange rate risk arises from financial assets and financial liabilities denominated in a currency that is not the group's functional currency. Exposure to foreign currency risk may result in the fair value of future cash flows of a financial instrument fluctuating due to the movement in foreign exchange rates of currencies in which the group holds financial instruments which are other than the Australian dollar (AUD) functional currency of the
group including United States dollar (USD) and UK pound sterling (GBP). This risk is measured using sensitivity analysis and cash flow forecasting. The cost of hedging at this time outweighs any benefits that may be obtained.

Exposure

The group's exposure to foreign currency risk at the end of the year, expressed in Australian dollars, was as follows:

	2022		2021	
	USD	**GBP**	**USD**	**GBP**
	$	**$**	**$**	**$**
Cash and cash equivalents	51,291	37,961	57,351	30,100
Trade receivables	95,408	33,897	56,182	40,241
Trade payables	(97,609)	(17,061)	(11,812)	(43,826)
Total exposure	49,090	54,797	101,721	26,515

Sensitivity

As shown in the table above, the group is primarily exposed to changes in USD/AUD and GBP/AUD exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from USD and GBP denominated financial instruments. The impact on other components of equity arises from the translation of foreign subsidiary financial statements into AUD.

The group has conducted a sensitivity analysis of its exposure to foreign currency risk. The group is currently materially exposed to the United States dollar (USD) and the United Kingdom pound (GBP). The sensitivity analysis is conducted on a currency-by-currency basis using the sensitivity analysis variable, which is based on the average annual movement in exchange rates over the past five years at year-end spot rates. The variable for each currency the group is materially exposed to is listed below:

- USD: 5.8% (2021: 4.9%)
- GBP: 2.9% (2021: 3.4%)

	Impact on post-tax loss	
	2022	**2021**
	$	**$**
USD/AUD exchange rate - change by 5.8% (2021: 4.9%)	2,847	4,984
GBP/AUD exchange rate - change by 2.9% (2021: 3.4%)	1,589	902

Credit risk
Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the group.

There has been a decrease in the group's exposure to credit risk in 2023 due to decreased cash and cash equivalents. The group's exposure to other classes of financial assets with credit risk is not material.

Risk management
Risk is minimised through investing cash and cash equivalents in financial institutions that maintain a high credit rating.

Note 19. Financial Risk Management (continued)

Liquidity risk
Vigilant liquidity risk management requires the group 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. As at 30 June, unless otherwise disclosed, all maturities of financial liabilities were within 60 day terms.
Liquidity risk arises from the possibility that the group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The group manages this risk through the following mechanisms:

- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- investing cash and cash equivalents and deposits at call with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

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

Note 20. Interests in other entities

Material subsidiaries

The group's principal subsidiaries at 30 June 2022 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

		Ownership interest	
Name	**Principal place of business / Country of incorporation**	**2022 %**	**2021 %**
RealSam Ltd	United Kingdom	100%	100%
RealSam Inc	United States	100%	100%

Note 21. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by William Buck Audit (VIC) Pty Ltd, the auditor of the company:

	Consolidated	
	2022 $	**2021 $**
Audit services - William Buck Audit (VIC) Pty Ltd		
Audit of the financial statements	20,000	20,000

Note 22. Contingent liabilities

With exception of the deposit for rent as disclosed in the statement of financial position, the group had no contingent liabilities at 30 June 2022 (2021: nil).

Note 23. Events after the reporting period

With the exception of the matters discussed in the going concern note, no other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the group's operations, the results of those operations, or the group's state of affairs in future financial years.

Note 24. Related party transactions

Subsidiaries
Interests in subsidiaries are set out in note 20.

Note 24. Related party transactions (continued)

Key management personnel compensation

	2022 $	2021 $
Short-term employee benefits	287,008	260,348
Post-employment benefits	199,265	178,619
Long-term benefits	48,582	48,582
	534,855	487,549

Transactions with related parties
There were no transactions with related parties during the current and previous financial year.

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

	Consolidated 2022 $	Consolidated 2021 $
Current payables:		
Accrued salary to key management personnel	859,229	859,229

Loans to/from related parties
The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated 2022 $	Consolidated 2021 $
Current borrowings:		
Loan from related parties	1,302,000	1,302,000

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 25. Loss per share

	Consolidated 2022 $	Consolidated 2021 $
Loss per share from continuing operations		
Loss after income tax	(984,153)	(551,539)

	Consolidated 2022	Consolidated 2021
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	1,362,809	1,362,809

On the basis of the group's losses, the outstanding options as at 30 June 2022 are considered to be anti-dilutive and therefore were excluded from the diluted weighted average number of ordinary shares calculation.

Note 26. Parent entity information

Summary of financial information
The individual financial statements for the parent entity shows the following aggregate amounts:

	30 June 2022 $	30 June 2021 $
Balance sheet		
Current assets	421,722	1,412,707
Total assets	1,631,050	1,857,286
Current liabilities	2,704,809	2,601,448
Total liabilities	2,752,660	2,601,448
Shareholders' equity		
Issued capital	2,446,711	2,446,711
Reserves		
Options	58,936	58,936
Retained earnings	(3,627,257)	(3,249,809)
	(1,121,610)	(744,162)
Profit or loss for the year	(377,448)	(29,826)
Total comprehensive income	(377,448)	(29,826)

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries in the year ended 30 June 2022 (2021: nil).

Contingent liabilities
With exception of the deposit for rent as disclosed in the statement of financial position, the parent entity had no contingent liabilities at 30 June 2022 (2021: nil) identical to those of the group, as outlined in note 22.

Contractual commitments for the acquisition of property, plant or equipment
The parent entity has not entered into any contractual commitments for the acquisition of property, plant or equipment in the year ended 30 June 2022 (2021: nil).

Determining the parent entity financial information
The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries, associates and joint venture entities
Investments in subsidiaries are accounted for at cost in the financial statements of Real Thing Entertainment Pty Ltd.

Note 27. Significant accounting policies

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

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

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’).

Note 27. Significant accounting policies (continued)

Historical cost convention
The financial statements have been prepared under the historical cost convention. The financial statements have also been prepared on a going concern basis.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 18.

Going concern
The financial statements have been prepared on a going concern basis, which assumes that the group will be able to realise assets and discharge its liabilities in the normal course of business, however, during the year, the group incurred a net loss after tax of $984,153, cash outflows from operations totaling $922,068 and had a net deficiency of current assets relative to current liabilities of $2,426,730 as at 30 June 2022. Due to these matters, there is a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern. Notwithstanding this, Executive Management has prepared a cashflow forecast extending for 12 months from the date of signing these financial statements that sets out why the entity will continue to be able to pay its debts as and when they fall due and payable. This forecast includes the following feature:

Expected capital raising activities
The forecast includes proceeds from expected capital raising activities. Executive Management of the entity believe that such capital raising activities will eventuate based upon the entity’s track record of successfully issuing capital.

Commercialization and expansion of its revenue streams from customers
This report reflects that the entity recorded revenues from customers for the year totaling $1,328,267. For the period from the last signed audited financials, 30 June 2023, to the date of signing these financial statements, revenues recorded have been $1,829,145. This revenue is developed from both a retention of its existing customer base, together with an expansion in the AI development business market, together with an overseas expansion in the AI product market. As at the date of signing these financial statements, the entity has forecasted revenues of $4,263,773 based on existing customer contracts, the indefinite delivery indefinite quantity contract (IDIQ), proposals under the IDIQ and forecasted increases in sales.

Synergies in operating expenditures arising from an expansion in trading revenues
The group’s last signed audited financial operating expenditures to it's reporting date were approximately 192% of trading revenues. These operating expenditures reflected a portion of fixed costs. In-line with the aforementioned expansion and commercialization of revenues, the Executive Management of the entity expect that, owing to the proportion of fixed costs endemic to its business model, that this % of operating expenses will decline by 38%, representing an increase to the business’ gross margin performance.

Curtailing non-operating expenses
Non-operating expenses principally relate to corporate matters connected with the overall administration of the entity. In these financial statements these non-operating expenses related to:

- Costs for due diligence activities (including retaining the services of lawyers and consultants) that are not expected to repeat in the forecast year, totalling $33,125;
- Costs for employing and retaining key management personnel, as represented in note 24, including amounts owing to them as at report date, as set out in note 10. These key management personnel have written to the entity as at the date of signing these financial statements advising that they will, if necessary to safeguard the entity’s quantum of available of working capital, to defer calling upon amounts owing to them, for at least as long as the forecast period; and
- The entity is on a lease which it will shortly exercise an option to extend by another 3 years. Under the lease it is permitted to pursue sub-letting options, if required, to which it is allowed under this leasing arrangement to defray its occupancy costs.

Note 27. Significant accounting policies (continued)

Flexing its research and development activities
For the year ended 30 June 2022, the entity incurred $1,443,458 in research and development activities. The entity only conducts research and development activities when and only when it has sufficient working capital and it has not entered into any contract with its research and development activities with break cost clauses that are materially significant to these financial statements that would impact its overall solvency.

Agreements with key shareholders
As set out in note 10, the entity has entered into agreements with all of its key shareholders to extend maturity deadlines for repayment of amounts owing to them, including accrued interest on such borrowings.

Based upon the aforementioned assumptions set out in the cashflow forecast, the Executive Management of the entity has applied the going concern basis of accounting in these financial statements. In the event that all or some of these assumptions do not eventuate, this may mean that the recorded amounts and classification of assets and liabilities set out in these financial statements may differ, should the entity not continue as a going concern.

Subsequent events
As at the date of signing these financial statements, the group's management accounts indicate that it has an approximate surplus of current monetary assets to current monetary liabilities of $247,897, excluding amounts payable to related parties and to key shareholders, which are discussed below. This has been influenced by the following:

- A successful raising of capital totalling $500,000, through the issue of convertible notes. These convertible notes have a maturity date of the earlier of an exit event or 15 December 2024 and convert at either the exit price or at a value of $12.15 per share (or as adjusted for capital reorganization events). The convertible note holders have written to the company to advise they don't intend call upon amounts owing to them at their maturity date if that jeopardises the reserves of available working capital as at that date; and
- Offsetting this, the group incurred a trading loss from the period of the last audited financial statements at 30 June 2023 of $489,375.

(iv) Restatement of results

The results for the annual report, which were signed on 7 February 2024 included an error relating to an uneliminated intercompany sales and purchases and exchange differences on foreign translations. There was no impact to the net assets represented in the original financial report or its comparative results. Consequently, this restated annual report includes the following restated amounts:

Note 27. Significant accounting policies (continued)

	Annual report signed on 7 February 2024 $	Adjustment $	Restated amount $
For the year ended 30 June 2021			
Statement of profit or loss and other comprehensive income			
Revenue from contracts with customers	1,185,608	(151,144)	1,034,464
Cost of goods sold	(396,874)	(39,679)	(436,553)
Administration expenses	(498,266)	(2,347)	(500,613)
Marketing expenses	(779,524)	206,059	(573,465)
Exchange differences on translation of foreign operations	26,804	(12,889)	13,915
Statement of financial position			
Other reserves	74,246	(12,889)	61,357
Accumulated losses	(3,921,045)	12,889	(3,908,156)
Statement of cash flows			
Receipts from customers (inclusive of GST)	1,191,369	(151,144)	1,040,225
Payments to suppliers and employees (inclusive of GST)	(2,327,134)	151,144	(2,175,990)
***For the year ended 30 June 202*2**			
Statement of profit or loss and other comprehensive income			
Revenue from contracts with customers	1,619,127	(290,860)	1,328,267
Cost of goods sold	(508,131)	467	(507,664)
Marketing expenses	(1,171,819)	349,662	(822,157)
Exchange differences on translation of foreign operations	62,519	(59,269)	3,250
Statement of financial position			
Other reserves	136,765	(72,158)	64,607
Accumulated losses	(4,964,467)	72,158	(4,892,309)
Statement of cash flows			
Receipts from customers (inclusive of GST)	1,608,704	(290,860)	1,317,844
Payments to suppliers and employees (inclusive of GST)	(3,437,146)	290,860	(3,146,286)

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the group only. Supplementary information about the parent entity is disclosed in note 26.

Principles of consolidation

Subsidiaries

Subsidiaries are all those entities over which the group has control. The group controls an entity when the group 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 group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group.

Intercompany transactions, balances and unrealised gains on transactions between entities in the group 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 group.

Note 27. Significant accounting policies (continued)

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.

Foreign currency translation
The financial statements are presented in Australian dollars, which is Real Thing Entertainment 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.

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition
The group engages in the supply to customers of the following revenue generating activities:

- Product sales
- Subscriptions
- Professional services

Revenue - product sales
Products are bundled together with hardware, software, services and access to content - product sales revenue is recognised in a variety of ways:

- *Lifetime Contracts*
  Recognised upfront on a lifetime contract as the period of benefit to the customer is indeterminate. Estimates vary from 2 years to 5 years before device failure(device lifetime is reached). Note 3rd party services with their inherent liabilities are not sold on lifetime contracts.
- *Monthly Contracts*
  Invoiced and recognised on a monthly basis for monthly contracts, as the benefit is transferred to the customer.
- *Paid Up front Contracts*
  Recognised on monthly basis for 2 & 3 year contracts over the term of a contract, where the invoiced value is held as a liability, eroded by a monthly journal to Revenue.

Revenue - subscriptions
Normally bundled together with 3rd party services (hosting) - subscription revenue is recognized by the group.

Block of Seats, per Annum in Advance. The invoice for platform licensing is initially recognised as a performance liability and recognised as revenue over the 12 month period.

Revenue - professional services
Sprint Fee

All professional services relate to product enhancement. These are charged at the end of a software sprint, generally four week time block - for the service work completed.

Revenue is earned for these fees over the time period duration for providing the service.

Note 27. Significant accounting policies (continued)

Income tax
The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Trade and other receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

Note 27. Significant accounting policies (continued)

Right-of-use assets
Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:
- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the group’s incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:
- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date, less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Trade and other payables
These amounts represent liabilities for goods and services provided to the group 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. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings
Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Note 27. Significant accounting policies (continued)

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

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 high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Share-based compensation benefits are provided to employees via the 'employee share option plan' (ESOP). Information relating to these schemes is set out in .

Employee options
The fair value of options granted under the ESOP is recognised as a share-based payment expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (e.g. the company’s share price)
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or holdings shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

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.

Loss per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Real Thing Entertainment 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.

Note 27. Significant accounting policies (continued)

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.

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.

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').

Real Thing Entertainment Pty Ltd
Directors' declaration
30 June 2022

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 27 to the financial statements;

- the attached financial statements and notes give a true and fair view of the group's financial position as at 30 June 2022 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 on behalf of the directors

Silvio Salom

12 July 2024

Real Thing Entertainment Pty Ltd
Independent auditor's report to members

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Real Thing Entertainment Pty Ltd (the Company) and its controlled entities (together, the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

i. giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the 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 (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 27 to the financial report, which indicates that the entity incurred a loss after tax of $984,153 and had net operating cash outflows of $922,068 for the year ended 30 June 2022 and a net deficiency of current assets relative to current liabilities of $2,426,730 as at 30 June 2022. These events or conditions, along with other matters as set forth in Note 27, indicate that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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williambuck.com.au

Restatement of results

We draw attention to Note 27 to the financial statements, which describes the restatement of results of the Group for the financial year ended 30 June 2022, which were previously issued on 7 February 2024. We have evaluated the appropriateness of the restatement and its impact on the current and prior year results presented in these financial statements. Our audit opinion is not modified in respect of this matter.

Other Matter

The audited financial statements include comparative profit or loss and cash flow results which are not audited.

Other Information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and the 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 ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:
http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf

This description forms part of our independent auditor’s report.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

N. S. Benbow
Director
Melbourne, 12 July 2024

Real Thing Entertainment Pty Ltd

ABN 80 121 222 624

Annual Report - 30 June 2023 (restated)

William Buck
ACCOUNTANTS & ADVISORS

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF REAL THING ENTERTAINMENT PTY LTD

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2023 there have been:

— no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

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

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

N. S. Benbow
Director
Melbourne, 12 July 2024

General information

The financial statements cover Real Thing Entertainment Pty Ltd as a group consisting of Real Thing Entertainment Pty Ltd and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Real Thing Entertainment Pty Ltd's functional and presentation currency.

Real Thing Entertainment Pty Ltd is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office	**Principal place of business**
72 Faraday St Carlton VIC 3053 Australia	72 Faraday St Carlton VIC 3053 Australia

The Real Thing Entertainment Pty Ltd group is a technology firm centred on developing cutting-edge AI solutions specifically designed to assist vulnerable communities.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 11 July 2024. The directors have the power to amend and reissue the financial statements.

Real Thing Entertainment Pty Ltd
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

	Note	Consolidated 2023 $	Consolidated 2022 $
Revenue			
Revenue from contracts with customers (restated, note 29)	2	1,852,836	1,328,267
Cost of goods sold (restated, note 29)		(600,233)	(507,664)
Gross profit		1,252,603	820,603
Other income	3	614,572	1,035,457
Other gains/(losses) - net	4	2,162,075	(2,150)
General and administrative expenses	5	(443,959)	(450,997)
Marketing expenses (restated, note 29)	6	(829,709)	(822,157)
Research and development expenditure	7	(1,045,871)	(1,443,458)
Amortisation expense		(43,398)	(43,398)
Interest expense		(6,328)	(7,486)
Finance costs		(28,740)	-
Operating profit/(loss)		1,631,245	(913,586)
Profit/(loss) before income tax expense		1,631,245	(913,586)
Income tax expense		(65,430)	(70,567)
Profit/(loss) after income tax expense for the year		1,565,815	(984,153)
Other comprehensive (loss)/income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations (restated, note 29)		(79,261)	3,250
Other comprehensive (loss)/income for the year, net of tax		(79,261)	3,250
Total comprehensive income/(loss) for the year		1,486,554	(980,903)

	Note	Consolidated 2023 Dollars	Consolidated 2022 Dollars
Loss per share for loss attributable to the ordinary equity holders of the company:			
Basic loss per share (restated, note 29)	27	1.15	(0.72)
Diluted loss per share (restated, note 29)	27	1.15	(0.72)

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

Real Thing Entertainment Pty Ltd
Statement of financial position
As at 30 June 2023

	Note	Consolidated 2023 $	Consolidated 2022 $
Assets			
Current assets			
Cash and cash equivalents		202,686	262,434
Trade and other receivables	8	542,805	493,579
Inventories		54,643	42,134
Prepayments		21,963	41,810
Total current assets		822,097	839,957
Non-current assets			
Property, plant and equipment		-	3,960
Right-of-use assets	9	173,589	216,987
Rental deposits		13,376	13,508
Total non-current assets		186,965	234,455
Total assets		1,009,062	1,074,412
Liabilities			
Current liabilities			
Trade and other payables	10	300,316	1,104,250
Loans from shareholders and investors	11	289,000	289,000
Income tax payable		65,430	70,567
Lease liabilities		43,259	40,822
Provisions for employee entitlements	14	277,723	298,943
Loans from related parties	12	25,000	1,302,000
Unearned revenue		85,092	161,105
Total current liabilities		1,085,820	3,266,687
Non-current liabilities			
Loans from shareholders and investors	11	522,222	-
Lease liabilities		145,457	188,716
Loans from related parties	12	150,000	-
Total non-current liabilities		817,679	188,716
Total liabilities		1,903,499	3,455,403
Net deficiency of assets		(894,437)	(2,380,991)
Equity			
Issued capital	15	2,446,711	2,446,711
Other reserves (restated, note 29)	18	(14,654)	64,607
Accumulated losses (restated, note 29)		(3,326,494)	(4,892,309)
Total deficiency in equity		(894,437)	(2,380,991)

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

Real Thing Entertainment Pty Ltd
Statement of changes in equity
For the year ended 30 June 2023

	Issued capital $	Other reserves $	Accumulated losses $	Total deficiency in equity $
Balance at 1 July 2021	2,446,711	61,357	(3,908,156)	(1,400,088)
Loss after income tax expense for the year	-	-	(984,153)	(984,153)
Other comprehensive income for the year, net of tax	-	3,250	-	3,250
Total comprehensive income/(loss) for the year	-	3,250	(984,153)	(980,903)
Balance at 30 June 2022	2,446,711	64,607	(4,892,309)	(2,380,991)

	Issued capital $	Other reserves $	Accumulated losses $	Total deficiency in equity $
Balance at 1 July 2022	2,446,711	64,607	(4,892,309)	(2,380,991)
Profit after income tax expense for the year	-	-	1,565,815	1,565,815
Other comprehensive loss for the year, net of tax	-	(79,261)	-	(79,261)
Total comprehensive (loss)/income for the year	-	(79,261)	1,565,815	1,486,554
Balance at 30 June 2023	2,446,711	(14,654)	(3,326,494)	(894,437)

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

Real Thing Entertainment Pty Ltd
Statement of cash flows
For the year ended 30 June 2023

	Note	Consolidated 2023 $	Consolidated 2022 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST) (restated, note 29)		1,767,225	1,317,844
Payments to suppliers and employees (inclusive of GST) (restated, note 29)		(3,133,055)	(3,146,286)
Government grants received		662,944	913,820
Interest received		2,651	67
Interest paid		-	(27)
Interest paid on leases		(6,328)	(7,486)
Net cash used in operating activities	19	(706,563)	(922,068)
Cash flows from investing activities			
Payments for property, plant and equipment		-	(5,045)
Net cash used in investing activities		-	(5,045)
Cash flows from financing activities			
Proceeds from borrowings with related parties		150,000	-
Proceeds from borrowings with external parties		547,222	-
Principal elements of lease payments		(38,246)	(25,782)
Net cash from/(used in) financing activities		658,976	(25,782)
Net decrease in cash and cash equivalents		(47,587)	(952,895)
Cash and cash equivalents at the beginning of the financial year		262,434	1,170,410
Effects of exchange rate changes on cash and cash equivalents (restated, note 29)		(12,161)	44,919
Cash and cash equivalents at the end of the financial year		202,686	262,434

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

Note 1. Operating segments (restated, note 29)

Identification of reportable operating segments
The group is organised into one business segment: AI technology development and sales. The business segment is based on the internal reports that are reviewed and used by the Executive Management (who is identified as the Chief Operating Decision Maker ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

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

Disaggregation of revenue

Revenue is earned in the following geographical regions: United Kingdom, and United States.

Geographical information

	2023 $	2022 $
United Kingdom	804,670	787,221
United States	1,048,166	541,046
	1,852,836	1,328,267

Major customers
During the year ended 30 June 2023 the group had one major customer accounting for 30% of revenue (2022: 34%). A customer is considered major if its revenues are 10% or more of the group's revenue.

Note 2. Revenue (restated, note 29)

	Consolidated	
	2023 $	2022 $
Revenue - product sales	487,725	85,497
Revenue - subscriptions	804,670	787,221
Revenue - professional services	560,441	455,549
	1,852,836	1,328,267

Note 3. Other income

	Consolidated	
	2023 $	2022 $
Government grants	301,170	671,961
Interest received	2,651	67
R&D tax incentive	310,751	361,774
Other income	-	1,655
	614,572	1,035,457

Note 4. Other gains/(losses) - net

	Consolidated 2023 $	Consolidated 2022 $
Net foreign exchange losses	846	(2,150)
Debt forgiveness	2,161,229	-
	2,162,075	(2,150)

During the year ended 30 June 2023, it was agreed by all parties involved that $1,302,000 of loans from shareholders and $859,229 of accrued salaries would be forgiven.

Note 5. General and administrative expenses

	Consolidated 2023 $	Consolidated 2022 $
Accounting and audit	44,723	46,589
Employee benefits - corporate (note 13)	160,005	176,397
Information and communication technology	110,519	96,927
Legal and filing fees	8,776	2,330
Occupancy costs	4,026	13,534
Travel and entertainment	53,336	41,309
Other general and administrative expenses	62,574	73,911
	443,959	450,997

Note 6. Marketing expenses

	Consolidated 2023 $	Consolidated 2022 $
Advertising	62,144	58,343
Marketing consultants (restated, note 29)	55,574	101,320
Employee benefits - marketing (note 13)	711,991	662,494
	829,709	822,157

Note 7. Research and development expenditure

	Consolidated 2023 $	Consolidated 2022 $
Employee benefits - research and development (note 13)	1,045,871	1,443,458

Note 8. Trade and other receivables

	Consolidated 2023 $	Consolidated 2022 $
Current assets		
Trade receivables	232,054	131,805
R&D tax refund receivable	310,751	361,774
	542,805	493,579

Ageing of trade receivables

The following is an analysis of the ageing of receivables that are not impaired:

Consolidated	2023 $	2022 $
Not overdue	149,764	81,968
0 to 3 months overdue	82,290	49,499
Over 6 months overdue	-	338
	232,054	131,805

Note 9. Right-of-use assets

	Consolidated 2023 $	Consolidated 2022 $
Non-current assets		
Property - right-of-use	260,385	260,385
Less: Accumulated depreciation	(86,796)	(43,398)
	173,589	216,987

Additions to the right-of-use assets during the year were Nil (2022: $260,385).

In July 2021 the group entered into a three-year commercial lease in Carlton. The lease is for the use of business operation and office facilities. This lease includes an extension option for a further 3 years by written request to the landlord before 1 February 2024.

Note 10. Trade and other payables

	Consolidated	
	2023	**2022**
	$	**$**
Current liabilities		
Trade payables	182,293	175,952
Accrued Expenses	39,267	29,022
Amounts payable to related parties	-	859,228
Amounts payable to related parties for interest accrued on borrowings	6,307	-
Amounts payable to external parties for interest accrued on borrowings	22,433	-
Other payables	50,016	40,048
Total current liabilities	300,316	1,104,250
Total non-current liabilities	-	-

Note 11. Loans from shareholders and investors

	Consolidated	
	2023	**2022**
	$	**$**
Current liabilities		
Soh Kim Pong Loan	289,000	289,000
Non-current liabilities		
Soh Kim Pong Loan	250,000	-
Jagen Pty Ltd Loan	50,000	-
JL Family Nominees Loan	50,000	-
Lighter Capital Loan	172,222	-
	522,222	-

The non-current loans (excluding the Lighter Capital loan) incur a yearly interest of 8% per annum with and expiry of three years from drawdown date. The loan terms allow for an extension of 12 months by notice in writing and the lender may convert the full amount of the outstanding loan into ordinary shares in the company at a valuation of $21,000,000 or another valuation as agreed.

The existing Soh Kim Pong loan of $289k present in 2022 is personally guaranteed by the other shareholders of the group. On 30 June 2023, the loan was extended to 6 of March 2024 and will incur a monthly payable interest of 8% from the date of extension. The loan does not have a security interest over the assets of the group or subsidiaries in the group.

The Lighter Capital Loan contains a security charge (fixed and floating) over the RealSAM trademark as collateral. To the extent any collateral is not transferred, the security interest is a charge. If for any reason it is necessary to determine the nature of the charge, it is a floating charge over Floating Charge Collateral and a fixed charge over all other Collateral. The maturity date of the loan is the 17 January 2025 and incurs an interest rate of 20%.

Note 12. Loans from related parties

	Consolidated 2023 $	2022 $
Current liabilities		
Launcher BB Loan	-	980,000
Lawrence Paratz Loan	-	322,000
Andrew Hodgson Loan	25,000	-
	25,000	1,302,000
Non-current liabilities		
Lawrence Paratz Loan	25,000	-
Silvio Salom Loan	125,000	-
	150,000	-

The loans from related parties, with the exception of the Andrew Hodgson loan, incur a yearly interest of 8% per annum with and expiry of three years from drawdown date. The loan terms allow for an extension of 12 months by notice in writing and the lender may convert the full amount of the outstanding loan into ordinary shares in the company at a valuation of $21,000,000 or another valuation as agreed. The Andrew Hodgson loan has the same terms with the exception of the expiry date being one year from drawdown date.

On 30 June 2023 both counterparties for the Launcher BB and Lawrence Paratz loans agreed to waive both the principal and accrued interest owing on the loans present in the prior year and received no equity compensation for agreeing to this waiver.

Note 13. Employee expenses

2022	Salaries and wages $	Post employment benefits $	Share-based payments expense $	Payroll on-costs $	Total $
Administrative	153,204	-	-	23,193	176,397
Marketing	559,122	5,039	-	98,333	662,494
Research and development	1,261,428	-	-	182,030	1,443,458
	1,973,754	5,039	-	303,556	2,282,349

2023	Salaries and wages $	Post employment benefits $	Share-based payments expense $	Payroll on-costs $	Total $
Administrative	153,508	-	-	6,497	160,005
Marketing	666,984	4,933	-	40,074	711,991
Research and development	1,021,688	-	-	24,183	1,045,871
	1,842,180	4,933	-	70,754	1,917,867

Note 14. Provisions for employee entitlements

	Consolidated 2023 $	Consolidated 2022 $
Current liabilities		
Annual leave	152,905	174,143
Long service leave	29,692	26,885
Annual leave owing to related parties	72,584	76,949
Long service leave owing to related parties	22,542	20,966
	277,723	298,943

Note 15. Issued capital

	Consolidated 2023 Shares	2022 Shares	2023 $	2022 $
Ordinary shares	1,290,247	1,290,247	1,446,711	1,446,711
Preference shares	72,562	72,562	1,000,000	1,000,000
	1,362,809	1,362,809	2,446,711	2,446,711

Movements in ordinary shares

Details	**Number of Shares**	**Total $**
Balance at 1 July 2021	1,290,247	1,446,711
Balance at 30 June 2022	1,290,247	1,446,711
Balance at 30 June 2023	1,290,247	1,446,711

Movements in preference shares

Details	**Shares**	**$**
Balance at 1 July 2021	72,562	1,000,000
Balance at 30 June 2022	72,562	1,000,000
Balance at 30 June 2023	72,562	1,000,000

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.

Preference shares
Preference 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, with priority over ordinary shareholders.

Preference shares entitle the holder to vote on any matter (at a general meeting of the group or otherwise) that is submitted to the holders of Ordinary Shares or otherwise and, in respect of any such matter, the right to cast such number of votes that the holder would have been entitled to cast on an As Converted Basis calculated immediately before the relevant vote.

Note 16. Capital risk management

The group'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.

In order to maintain or adjust the capital structure, the company may issue new shares or reduce its capital, subject to the provisions of the company's constitution. The capital structure of the company consists of equity attributed to equity holders of the company, comprising contributed equity, reserves and accumulated losses. By monitoring undiscounted cash flow forecasts and actual cash flows provided to the board by the company's management, the board monitors the need to raise additional equity from investors.

Note 17. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year. (2022: nil)

Note 18. Other reserves

The consolidated balance sheet line item ‘Other reserves’ is comprised of the following:

	Consolidated 2023 $	Consolidated 2022 $
Foreign currency reserve (restated, note 29)	(73,590)	5,671
Options reserve	58,936	58,936
	(14,654)	64,607

Foreign currency reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Options on issue

Grant date	Tranche #	Vesting date	Expiry date	Number of options	Exercise Price $
01/09/2018	Tranche #1	01/09/2019	01/09/2024	7,000	7.97
01/09/2018	Tranche #2	01/09/2020	01/09/2025	7,000	7.97
01/09/2018	Tranche #3	01/09/2021	01/09/2026	7,000	7.97
12/03/2021	N/A	12/03/2021	12/03/2026	9,790	8.51
12/03/2021	N/A	12/03/2021	12/03/2024	43,345	14.53

Note 19. Cash flow information

Reconciliation of profit/(loss) after income tax to net cash used in operating activities

	Consolidated 2023 $	Consolidated 2022 $
Profit/(loss) after income tax expense for the year	1,565,815	(984,153)
Adjustments for:		
Depreciation and amortisation	4,269	13,792
Depreciation on leased assets	43,398	43,398
Disposal of property, plant and equipment	26,051	-
Debt forgiveness	(2,161,228)	-
Finance costs capitalised into borrowings	28,740	-
Foreign exchange differences (restated, note 29)	(53,961)	(61,419)
Change in operating assets and liabilities:		
Movement in trade and other receivables	(18,807)	(125,186)
Movement in inventories	(12,509)	(42,134)
Movement in other current assets	(2,832)	17,719
Movement in trade and other payables	(72,354)	38,379
Movement in contract liabilities	(76,013)	(83,774)
Movement in provision for income tax	65,430	70,567
Movement in other provisions	(42,562)	190,743
Net cash used in operating activities	(706,563)	(922,068)

Note 20. Critical accounting judgements, estimates and assumptions

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the group's accounting policies. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the financial statements.

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Revenue from contracts with customers involving sale of goods and services
When recognising revenue in relation to the sale of goods to customers, the key performance obligation of the group is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

When recognising revenue in relation to the sale of services to customers, the key performance obligation of the group is considered to be the point of delivery of the services provided to the customer, as this is deemed to be the time that the customer obtains access to the provided services and therefore benefits from the services provided.

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

Note 20. Critical accounting judgements, estimates and assumptions (continued)

Research and Development Rebate
With the successful track record of the consolidated entity in obtaining the Research and Development rebate form the ATO, the estimated 2023 rebate of $310,751 has been accrued into income for the year ended 30 June 2023 (2022: $361,774).

The consolidated entity is entitled to claim grant credits from the Australian Government in recompense for its research and development program expenditure. The program is overseen by AusIndustry, which is entitled to audit and/or review claim lodged for the past 4 years. In the event of a negative finding from such an audit or review AusIndustry has the right to rescind and clawback those prior claims, potentially with penalties. Such a finding may only occur in the event that those expenditures do not appropriately qualify for the grant program. In their estimation, considering also the independent external expertise they have contracted to draft and claim such expenditures, the directors of the company consider that such a negative review has a remote likelihood of occurring.

Valuation of hybrid debt agreements
Some of the borrowings disclosed in note 11 and 12 include equity conversion features, which on conversion entitle the holder to a variable number of equity instruments in the company. The directors have determined that as the company's securities are not on a traded exchange and do not have any recent pricing information that it is not possible to reliably separate out and value this conversion option as an embedded derivative. Consequently the entire arrangement is held at fair value and that the most appropriate and reliable evidence for this fair value is its amortised cost value.

Significant estimates and judgements

The areas involving significant estimates or judgements are:

- Estimation of employee benefit obligations
- Judgment on the group's ability to remain a going concern (note 29)

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group provides product warranties to its customers. In the directors' view, there is no material provision relevant to these financial statements owing to both the low and infrequent warranty claim history, the fact that underlying hardware is in-turn provided by warranty by wholesale suppliers and finally that support for software warranties is absorbed into the Group's technical support function and forms part of the overall revenue recognition policies attached to the provision of that software to the customer.

Note 21. Financial Risk Management

Financial risk management objectives
This note explains the group's exposure to financial risks and how these risks could affect the group’s future financial performance.

The group’s risk management is predominantly controlled by the board. The board monitors the group's financial risk management policies and exposures and approves substantial financial transactions. It also reviews the effectiveness of internal controls relating to market risk, credit risk and liquidity risk.

Market risk

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

Note 21. Financial Risk Management (continued)

Foreign exchange rate risk arises from financial assets and financial liabilities denominated in a currency that is not the group's functional currency. Exposure to foreign currency risk may result in the fair value of future cash flows of a financial instrument fluctuating due to the movement in foreign exchange rates of currencies in which the group holds financial instruments which are other than the Australian dollar (AUD) functional currency of the group including United States dollar (USD) and UK pound sterling (GBP). This risk is measured using sensitivity analysis and cash flow forecasting. The cost of hedging at this time outweighs any benefits that may be obtained.

Exposure

The group's exposure to foreign currency risk at the end of the year, expressed in Australian dollars, was as follows:

	2023		**2022**	
	USD	**GBP**	**USD**	**GBP**
	$	**$**	**$**	**$**
Cash and cash equivalents	113,921	11,912	51,291	37,961
Trade receivables	134,027	98,028	95,408	33,897
Trade payables	(40,051)	(1,042)	(97,609)	(17,061)
Total exposure	207,897	108,898	49,090	54,797

Sensitivity

As shown in the table above, the group is primarily exposed to changes in USD/AUD and GBP/AUD exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from USD and GBP denominated financial instruments. The impact on other components of equity arises from the translation of foreign subsidiary financial statements into AUD.

The group has conducted a sensitivity analysis of its exposure to foreign currency risk. The group is currently materially exposed to the United States dollar (USD) and the United Kingdom pound (GBP). The sensitivity analysis is conducted on a currency-by-currency basis using the sensitivity analysis variable, which is based on the average annual movement in exchange rates over the past five years at year-end spot rates. The variable for each currency the group is materially exposed to is listed below:

- USD: 5.8% (2022: 5.8%)
- GBP: 3.5% (2022: 2.9%)

	Impact on post-tax loss	
	2023	**2022**
	$	**$**
USD/AUD exchange rate - change by 5.8% (2022: 5.8%)	12,058	2,847
GBP/AUD exchange rate - change by 3.5% (2022: 2.9%)	3,811	1,589

Credit risk
Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the group.

There has been a decrease in the group's exposure to credit risk in 2023 due to decreased cash and cash equivalents. The group's exposure to other classes of financial assets with credit risk is not material.

Risk management
Risk is minimised through investing cash and cash equivalents in financial institutions that maintain a high credit rating.

Note 21. Financial Risk Management (continued)

Liquidity risk
Vigilant liquidity risk management requires the group 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. As at 30 June, unless otherwise disclosed, all maturities of financial liabilities were within 60 day terms.
Liquidity risk arises from the possibility that the group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The group manages this risk through the following mechanisms:

- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- investing cash and cash equivalents and deposits at call with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

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

Note 22. Interests in other entities

Material subsidiaries

The group's principal subsidiaries at 30 June 2023 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Name	Principal place of business / Country of incorporation	Ownership interest 2023 %	Ownership interest 2022 %
RealSam Ltd	United Kingdom	100%	100%
RealSam Inc	United States	100%	100%

Note 23. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by William Buck Audit (VIC) Pty Ltd, the auditor of the company:

	Consolidated 2023 $	Consolidated 2022 $
Audit services - William Buck Audit (VIC) Pty Ltd		
Audit of the financial statements	20,000	20,000

Note 24. Contingent liabilities

With exception of the deposit for rent as disclosed in the statement of financial position, the group had no contingent liabilities at 30 June 2023 (2022: nil).

Note 25. Events after the reporting period

With the exception of the matters discussed in the going concern note, no other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the group's operations, the results of those operations, or the group's state of affairs in future financial years.

Note 26. Related party transactions

Subsidiaries
Interests in subsidiaries are set out in note 22.

Note 26. Related party transactions (continued)

Key management personnel compensation

	2023 $	2022 $
Short-term employee benefits	358,115	287,008
Post-employment benefits	200,772	199,265
Long-term benefits	52,234	48,582
	611,121	534,855

Transactions with related parties
There were no transactions with related parties during the current and previous financial year.

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

	Consolidated	
	2023 $	2022 $
Current payables:		
Accrued salary to key management personnel	-	859,229

Loans to/from related parties
The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated	
	2023 $	2022 $
Current borrowings:		
Loan from related parties	175,000	1,302,000

During the year ended 30 June 2023, it was agreed by all parties involved that $1,302,000 of loans from shareholders and $859,229 of accrued salaries would be forgiven.

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 27. Loss per share

	Consolidated	
	2023 $	2022 $
Earnings per share for profit/(loss) from continuing operations		
Profit/(loss) after income tax	1,565,815	(984,153)

	Consolidated	
	2023	2022
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	1,362,809	1,362,809

Note 27. Loss per share (continued)

On the basis of the group's profit, the outstanding options as at 30 June 2023, as disclosed in note 18, are currently out of the money and thus are considered to be anti-dilutive, therefore were excluded from the diluted weighted average number of ordinary shares calculation.

Note 28. Parent entity information

Summary of financial information
The individual financial statements for the parent entity shows the following aggregate amounts:

	30 June 2023	**30 June 2022**
	$	**$**
Balance sheet		
Current assets	434,991	421,722
Total assets	2,160,274	1,631,050
Current liabilities	601,800	2,704,809
Total liabilities	1,326,256	2,752,660
Shareholders' equity		
Issued capital	2,446,711	2,446,711
Reserves		
Options	58,936	58,936
Retained earnings	(1,671,629)	(3,627,257)
	834,018	(1,121,610)
Profit or loss for the year	1,955,629	(377,448)
Total comprehensive income	1,955,629	(377,448)

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries in the year ended 30 June 2023 (2022: nil).

Contingent liabilities
With exception of the deposit for rent as disclosed in the statement of financial position, the parent entity had no contingent liabilities at 30 June 2023 (2022: nil) identical to those of the group, as outlined in note 24.

Contractual commitments for the acquisition of property, plant or equipment
The parent entity has not entered into any contractual commitments for the acquisition of property, plant or equipment in the year ended 30 June 2023 (2022: nil).

Determining the parent entity financial information
The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries, associates and joint venture entities
Investments in subsidiaries are accounted for at cost in the financial statements of Real Thing Entertainment Pty Ltd.

Note 29. Significant accounting policies

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').

Note 29. Significant accounting policies (continued)

Historical cost convention
The financial statements have been prepared under the historical cost convention. The financial statements have also been prepared on a going concern basis.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 20.

Going concern
The financial statements have been prepared on a going concern basis, which assumes that the group will be able to realise assets and discharge its liabilities in the normal course of business, however, during the year, the group incurred a net profit after tax of $1,565,815, cash outflows from operations totaling $706,563 and had a net deficiency of current assets relative to current liabilities of $263,723 as at 30 June 2023. Due to these matters, there is a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern. Notwithstanding this, Executive Management has prepared a cashflow forecast extending for 12 months from the date of signing these financial statements that sets out why the entity will continue to be able to pay its debts as and when they fall due and payable. This forecast includes the following features:

Expected capital raising activities
The forecast includes proceeds from expected capital raising activities. Executive Management of the entity believe that such capital raising activities will eventuate based upon the entity’s track record of successfully issuing capital.

Commercialization and expansion of its revenue streams from customers
This report reflects that the entity recorded revenues from customers for the year totaling $1,852,836. For the period from 30 June 2023 to the date of signing these financial statements, revenues recorded have been $1,829,145. The revenue is developed from both a retention of its existing customer base, together with an expansion in the AI development business market, together with an overseas expansion in the AI product market. As at the date of signing these financial statements, the entity has forecasted revenues of $4,263,773 based on existing customer contracts, the indefinite delivery indefinite quantity contract (IDIQ), proposals under the IDIQ and forecasted increases in sales.

Synergies in operating expenditures arising from an expansion in trading revenues
The group’s operating expenditures to reporting date were approximately 192% of trading revenues. These operating expenditures reflected a portion of fixed costs. In-line with the aforementioned expansion and commercialization of revenues, the Executive Management of the entity expect that, owing to the proportion of fixed costs endemic to its business model, that this % of operating expenses will decline by 38%, representing an increase to the business’ gross margin performance.

Curtailing non-operating expenses
Non-operating expenses principally relate to corporate matters connected with the overall administration of the entity. In these financial statements these non-operating expenses related to:

- Costs for due diligence activities (including retaining the services of lawyers and consultants) that are not expected to repeat in the forecast year, totalling $30,816;
- Costs for employing and retaining key management personnel, as represented in Note 26, including amounts owing to them as at report date, as set out in notes 11 and 12. These key management personnel have written to the entity as at the date of signing these financial statements advising that they will, if necessary to safeguard the entity’s quantum of available of working capital, to defer calling upon amounts owing to them, for at least as long as the forecast period; and
- The entity is on a lease which it will shortly exercise an option to extend by another 3 years. Under the lease it is permitted to pursue sub-letting options, if required, to which it is allowed under this leasing arrangement to defray its occupancy costs.

Note 29. Significant accounting policies (continued)

Flexing its research and development activities
For the year ended 30 June 2023, the entity incurred $1,045,871 in research and development activities. The entity only conducts research and development activities when and only when it has sufficient working capital and it has not entered into any contract with its research and development activities with break cost clauses that are materially significant to these financial statements that would impact its overall solvency.

Agreements with key shareholders
As set out in note 11 and 12, the entity has entered into agreements with all of its key shareholders to extend maturity deadlines for repayment of amounts owing to them, including accrued interest on such borrowings.

Based upon the aforementioned assumptions set out in the cashflow forecast, Executive Management of the entity has applied the going concern basis of accounting in these financial statements. In the event that all or some of these assumptions do not eventuate, this may mean that the recorded amounts and classification of assets and liabilities set out in these financial statements may differ, should the entity not continue as a going concern.

Subsequent events
As at the date of signing these financial statements, the group's management accounts indicate that it has an approximate surplus of current monetary assets to current monetary liabilities of $247,897, excluding amounts payable to related parties and to key shareholders, which are discussed below. This has been influenced by the following:

- A successful raising of capital totalling $500,000, through the issue of convertible notes. These convertible notes have a maturity date of the earlier of an exit event or 15 December 2024 and convert at either the exit price or at a value of $12.15 per share (or as adjusted for capital reorganization events). The convertible note holders have written to the company to advise they don't intend to call upon amounts owing to them at their maturity date if that jeopardises the reserves of available working capital as at that date; and
- Offsetting this, the group incurred a trading loss from the period of the last audited financial statements at 30 June 2023 of $489,375.

(iv) Restatement of results

The results for the annual report, which were signed on 7 February 2024 included an error relating to an uneliminated intercompany sales and purchases and exchange differences on foreign translations. There was no impact to the net assets represented in the original financial report or its comparative results. Consequently, this restated annual report includes the following restated amounts:

Note 29. Significant accounting policies (continued)

	Annual report signed on 7 February 2024 $	Adjustment $	Restated amount $
For the year ended 30 June 2022			
Statement of profit or loss and other comprehensive income			
Revenue from contracts with customers	1,619,127	(290,860)	1,328,267
Cost of goods sold	(508,131)	467	(507,664)
Marketing expenses	(1,171,819)	349,662	(822,157)
Exchange differences on translation of foreign operations	62,519	(59,269)	3,250
Statement of financial position			
Other reserves	136,765	(72,158)	64,607
Accumulated losses	(4,964,467)	72,158	(4,892,309)
Statement of cashflows			
Receipts from customers (inclusive of GST)	1,608,704	(290,860)	1,317,844
Payments to suppliers and employees (inclusive of GST)	(3,437,146)	290,860	(3,146,286)
For the year ended 30 June 2023			
Statement of profit or loss and other comprehensive income			
Revenue from contracts with customers	2,205,927	(353,091)	1,852,836
Cost of goods sold	(575,028)	(25,205)	(600,233)
Marketing expenses	(1,274,127)	444,418	(829,709)
Exchange differences on translation of foreign operations	(13,139)	(66,122)	(79,261)
Statement of financial position			
Other reserves	123,626	(138,280)	(14,654)
Accumulated losses	(3,464,774)	138,280	(3,326,494)
Statement of cashflows			
Receipts from customers (inclusive of GST)	2,991,969	(1,224,744)	1,767,225
Payments to suppliers and employees (inclusive of GST)	(4,357,799)	1,224,744	(3,133,055)

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

Principles of consolidation

Subsidiaries
Subsidiaries are all those entities over which the group has control. The group controls an entity when the group 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 group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group.

Intercompany transactions, balances and unrealised gains on transactions between entities in the group 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 group.

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 Maker ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Note 29. Significant accounting policies (continued)

Foreign currency translation
The financial statements are presented in Australian dollars, which is Real Thing Entertainment 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.

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition
The group engages in the supply to customers of the following revenue generating activities:

- Product sales
- Subscriptions
- Professional services

Revenue - product sales
Products are bundled together with hardware, software, services and access to content - product sales revenue is recognised in a variety of ways:

- *Lifetime Contracts*
  Recognised upfront on a lifetime contract as the period of benefit to the customer is indeterminate. Estimates vary from 2 years to 5 years before device failure (device lifetime is reached). Note 3rd party services with their inherent liabilities are not sold on lifetime contracts.
- *Monthly Contracts*
  Invoiced and recognised on a monthly basis for monthly contracts, as the benefit is transferred to the customer.
- *Paid Up front Contracts*
  Recognised on monthly basis for 2 & 3 year contracts over the term of a contract, where the invoiced value is held as a liability, eroded by a monthly journal to Revenue.

Revenue - subscriptions

Normally bundled together with 3rd party services (hosting) - subscription revenue is recognized by the group.

Block of Seats, per Annum in Advance. The invoice for platform licensing is initially recognised as a performance liability and recognised as revenue over the 12 month period.

Revenue - professional services

Sprint Fee

All professional services relate to product enhancement. These are charged at the end of a software sprint, generally four week time block - for the service work completed.

Revenue is earned for these fees over the time period duration for providing the service.

Note 29. Significant accounting policies (continued)

Income tax
The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Trade and other receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

Right-of-use assets
Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

Note 29. Significant accounting policies (continued)

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the group's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date, less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Trade and other payables
These amounts represent liabilities for goods and services provided to the group 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. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings
Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

These borrowings are unsecured, payable at call, non-interest bearing and have no equity conversion entitlements. The Launcher BB (43% shareholding interest in the Company) and Lawrence (common director) loans are both with related parties.

Lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Note 29. Significant accounting policies (continued)

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

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 high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Share-based compensation benefits are provided to employees via the 'employee share option plan' (ESOP). Information relating to these schemes is set out in .

Employee options
The fair value of options granted under the ESOP is recognised as a share-based payment expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (e.g. the company’s share price)
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or holdings shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

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.

Loss per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Real Thing Entertainment 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.

Note 29. Significant accounting policies (continued)

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.

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.

Real Thing Entertainment Pty Ltd
Directors' declaration
30 June 2023

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 29 to the financial statements;

- the attached financial statements and notes give a true and fair view of the group's financial position as at 30 June 2023 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 on behalf of the directors

Silvio Salom

12 July 2024

Real Thing Entertainment Pty Ltd
Independent auditor's report to members

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Real Thing Entertainment Pty Ltd (the Company) and its controlled entities (together, the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

i. giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the 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 (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 29 to the financial report, which indicates that the entity incurred a net loss after tax of $1,565,815 and had net operating cash outflows of $706,563 for the year ended 30 June 2023 and a net deficiency of current assets relative to current liabilities of $263,723 as at 30 June 2023. These events or conditions, along with other matters as set forth in Note 29, indicate that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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William Buck
ACCOUNTANTS & ADVISORS

Restatement of results

We draw attention to Note 29 to the financial statements, which describes the restatement of results of the Group for the financial year ended 30 June 2023, which were previously issued on 7 February 2024. We have evaluated the appropriateness of the restatement and its impact on the current and prior year results presented in these financial statements. Our audit opinion is not modified in respect of this matter.

Other Information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and the 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 ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:
http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf

William Buck
ACCOUNTANTS & ADVISORS

This description forms part of our independent auditor's report.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

N. S. Benbow
Director
Melbourne, 12 July 2024

Real Thing Entertainment Pty Ltd

ABN 80 121 222 624

Interim Report - 31 December 2023 (restated)

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF REAL THING ENTERTAINMENT PTY LTD

I declare that, to the best of my knowledge and belief, during the half year ended 31 December 2023 there have been:

— no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

— no contraventions of any applicable code of professional conduct in relation to the review.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

N. S. Benbow
Director
Melbourne, 12 July 2024

Real Thing Entertainment Pty Ltd
Contents
31 December 2023

General information

The financial statements cover Real Thing Entertainment Pty Ltd as a group consisting of Real Thing Entertainment Pty Ltd and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Real Thing Entertainment Pty Ltd's functional and presentation currency.

Real Thing Entertainment Pty Ltd is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

72 Faraday St
Carlton VIC 3053
Australia

Principal place of business

72 Faraday St
Carlton VIC 3053
Australia

The Real Thing Entertainment Pty Ltd group is a technology firm centred on developing cutting-edge AI solutions specifically designed to assist vulnerable communities.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 11 July 2024.

Real Thing Entertainment Pty Ltd
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2023

	Note	Consolidated 31 December 2023 $	31 December 2022 $
Revenue			
Revenue from contracts with customers (restated, note 15)	2	852,820	917,376
Cost of goods sold (restated, note 15)		(292,367)	(293,072)
Gross profit		560,453	624,304
Other income	3	37,137	301,634
Net foreign exchange losses		(2,665)	(1,342)
General and administrative expenses		(114,906)	(91,263)
Marketing expenses (restated, note 15)		(318,401)	(469,262)
Research and development expenditure		(533,188)	(604,644)
Amortisation expense		(21,699)	(21,699)
Interest expense		(2,697)	(3,317)
Finance costs		(21,000)	(7,913)
Share-based payments expense		(603,784)	-
Operating loss		(1,020,750)	(273,502)
Loss before income tax expense		(1,020,750)	(273,502)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Real Thing Entertainment Pty Ltd		(1,020,750)	(273,502)
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations (restated, note 15)		10,355	66,296
Other comprehensive income/(loss) for the half-year, net of tax		10,355	66,296
Total comprehensive income/(loss) for the half-year attributable to the owners of Real Thing Entertainment Pty Ltd		(1,010,395)	(207,206)

	Dollars	Dollars
Loss per share for loss attributable to the ordinary equity holders of the company:		
Basic loss per share (restated, note 15)	(0.71)	(0.20)
Diluted loss per share (restated, note 15)	(0.71)	(0.20)

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

Real Thing Entertainment Pty Ltd
Statement of financial position
As at 31 December 2023

	Note	Consolidated 31 December 2023 $	30 June 2023 $
Assets			
Current assets			
Cash and cash equivalents		533,855	202,686
Trade and other receivables	4	166,460	542,805
Inventories		67,919	54,643
Prepayments		77,083	21,963
Total current assets		845,317	822,097
Non-current assets			
Right-of-use assets		151,890	173,589
Rental deposits		15,601	13,376
Total non-current assets		167,491	186,965
Total assets		1,012,808	1,009,062
Liabilities			
Current liabilities			
Trade and other payables	5	290,346	300,316
Loans from shareholders and investors	6	289,000	289,000
Convertible notes	8	500,000	-
Income tax payable		-	65,430
Lease liabilities		21,792	43,259
Provisions for employee entitlements		190,751	277,723
Loans from related parties	7	27,000	25,000
Unearned revenue		170,621	85,092
Total current liabilities		1,489,510	1,085,820
Non-current liabilities			
Loans from shareholders and investors	6	516,889	522,222
Lease liabilities		145,457	145,457
Loans from related parties	7	162,000	150,000
Total non-current liabilities		824,346	817,679
Total liabilities		2,313,856	1,903,499
Net liabilities		(1,301,048)	(894,437)
Equity			
Issued capital	9	2,750,874	2,446,711
Reserves (restated, note 15)	11	820,470	(14,654)
Accumulated losses (restated, note 15)		(4,872,392)	(3,326,494)
Total deficiency in equity		(1,301,048)	(894,437)

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

Real Thing Entertainment Pty Ltd
Statement of changes in equity
For the half-year ended 31 December 2023

	Issued capital $	Reserves $	Accumulated losses $	Total deficiency in equity $
Balance at 1 July 2022	**2,446,711**	**64,607**	**(4,892,309)**	**(2,380,991)**
Loss after income tax expense for the half-year	-	-	(273,502)	(273,502)
Other comprehensive income/(loss) for the half-year, net of tax	-	66,296	-	66,296
Total comprehensive income/(loss) for the half-year	-	66,296	(273,502)	(207,206)
Balance at 31 December 2022	**2,446,711**	**130,903**	**(5,165,811)**	**(2,588,197)**

	Issued capital $	Reserves $	Accumulated losses $	Total deficiency in equity $
Balance at 1 July 2023	**2,446,711**	**(14,654)**	**(3,326,494)**	**(894,437)**
Loss after income tax expense for the half-year	-	-	(1,020,750)	(1,020,750)
Other comprehensive income/(loss) for the half-year, net of tax	-	10,355	-	10,355
Total comprehensive income/(loss) for the half-year	-	10,355	(1,020,750)	(1,010,395)
Transactions with owners in their capacity as owners:				
Issue of shares (note 9)	304,163	-	-	304,163
Vesting charge for the issue of options (note 11)	-	824,769	(525,148)	299,621
Balance at 31 December 2023	**2,750,874**	**820,470**	**(4,872,392)**	**(1,301,048)**

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

Real Thing Entertainment Pty Ltd
Statement of cash flows
For the half-year ended 31 December 2023

	Note	Consolidated 31 December 2023 $	Consolidated 31 December 2022 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST) (restated, note 15)		982,459	952,313
Payments to suppliers and employees (inclusive of GST) (restated, note 15)		(1,452,975)	(1,767,964)
Government grants received		347,351	662,944
Interest received		537	464
Interest paid on leases		(2,697)	(3,317)
Net cash used in operating activities		(125,325)	(155,560)
Net cash from investing activities		-	-
Cash flows from financing activities			
Proceeds from issues of convertible notes	8	500,000	-
Proceeds from borrowings with related parties		-	175,000
Proceeds from borrowings with external parties		-	350,000
Principal elements of lease payments		(24,164)	(23,575)
Net cash from financing activities		475,836	501,425
Net increase in cash and cash equivalents		350,511	345,865
Cash and cash equivalents at the beginning of the financial half-year		202,686	262,434
Effects of exchange rate changes on cash and cash equivalents		(19,342)	28,144
Cash and cash equivalents at the end of the financial half-year		533,855	636,443

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

Note 1. Operating segments (restated, note 15)

Identification of reportable operating segments
The group is organised into one business segment: AI technology development and sales. The business segment is based on the internal reports that are reviewed and used by the Executive Management (who is identified as the Chief Operating Decision Maker ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

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

Disaggregation of revenue

Revenue is earned in the following geographical regions: United Kingdom, and United States.

Geographical information

	31 December 2023 $	31 December 2022 $
United Kingdom	428,633	398,618
United States	424,187	518,758
	852,820	917,376

Major customers
During the half-year ended 31 December 2023 the group had one major customer accounting for 28% of revenue (2022: 30%). A customer is considered major if its revenues are 10% or more of the group’s revenue.

Note 2. Revenue (restated, note 15)

	Consolidated	
	31 December 2023 $	31 December 2022 $
Revenue - product sales	183,194	241,134
Revenue - subscriptions	428,633	398,618
Revenue - professional services	240,993	277,624
	852,820	917,376

Note 3. Other income

	Consolidated	
	31 December 2023 $	31 December 2022 $
Government grants	36,600	301,170
Interest received	537	464
	37,137	301,634

Note 4. Trade and other receivables

	Consolidated	
	31 December 2023 $	**30 June 2023 $**
Current assets		
Trade receivables	166,460	232,054
R&D tax refund receivable	-	310,751
	166,460	542,805

Ageing of trade receivables

The following is an analysis of the ageing of receivables that are not impaired:

Consolidated	**31 December 2023 $**	**30 June 2023 $**
Not overdue	85,983	149,764
0 to 3 months overdue	63,870	82,290
3 to 6 months overdue	16,607	-
	166,460	232,054

Note 5. Trade and other payables

	Consolidated	
	31 December 2023 $	**30 June 2023 $**
Current liabilities		
Trade payables	130,205	182,293
Accrued expenses	62,139	39,267
Amounts payable to related parties for interest accrued on borrowings	12,307	6,307
Amounts payable to external parties for interest accrued on borrowings	37,433	22,433
Other payables	48,262	50,016
Total current liabilities	290,346	300,316
Total non-current liabilities	-	-

Note 6. Loans from shareholders and investors

	Consolidated	
	31 December 2023 $	30 June 2023 $
Current liabilities		
Soh Kim Pong Loan	289,000	289,000
Non-current liabilities		
Soh Kim Pong Loan	270,000	250,000
Jagen Pty Ltd Loan	54,000	50,000
JL Family Nominees Loan	54,000	50,000
Lighter Capital Loan	138,889	172,222
	516,889	522,222

The loan drawdown dates for Jagen Pty Ltd, JL Family Nominees and the non-current portion from Soh Kim Pong respectively are 19 December 2022, 19 December 2022, and 21 August 2022. These loans incur a yearly interest of 8% per annum with and expiry of three years from drawdown date. The loan terms allow for an extension of 12 months by notice in writing. The loans are not repayable before the second anniversary of an acquisition of Real Thing Entertainment Pty Ltd and only repayable at a maximum of 20% of earnings before interest, taxation, depreciation and amortisation (EBITDA) in any one year but which Real Thing Entertainment Pty Ltd may repay earlier in part or whole at its discretion.

The current portion of Soh Kim Pong's loan, drawdown dated 6 March 2018, totalling $289,000 is personally guaranteed by the other shareholders of the group. In March 2024, the loan was extended to 6 of March 2025 and will incur a monthly payable interest of 6% from the date of extension. Upon completion of a reverse take over, the loan will be discharged by conversion to shares noting that Real Thing Entertainment Pty Ltd will pay monthly interest instalments in cash as and when due.

The Lighter Capital Loan, drawdown date 12 January 2023, contains a security charge (fixed and floating) over the RealSAM trademark as collateral. To the extent any collateral is not transferred, the security interest is a charge. If for any reason it is necessary to determine the nature of the charge, it is a floating charge over Floating Charge Collateral and a fixed charge over all other Collateral. The maturity date of the loan is the 17 January 2025 and incurs an interest rate of 20%.

Note 7. Loans from related parties

	Consolidated	
	31 December 2023 $	30 June 2023 $
Current liabilities		
Andrew Hodgson Loan	27,000	25,000
Non-current liabilities		
Lawrence Paratz Loan	27,000	25,000
Silvio Salom Loan	135,000	125,000
	162,000	150,000

The Andrew Hodgson loan, drawdown date 20 December 2022, incurs a yearly interest of 8% per annum with and expiry of one year from drawdown date. The loan terms allow for an extension of 12 months by notice in writing and the lender may convert the full amount of the outstanding loan into ordinary shares in the company at a valuation of $21,000,000 or another valuation as agreed.

Note 7. Loans from related parties (continued)

The loan drawdown dates for Lawrence Paratz and Silvio Salom respectively are 16 December 2022 and 21 December 2022. These loans incur a yearly interest of 8% per annum with and expiry of three years from their drawdown dates. The loan terms allow for an extension of 12 months by notice in writing. The loans are not repayable before the second anniversary of an acquisition of Real Thing Entertainment Pty Ltd and only repayable at a maximum of 20% of earnings before interest, taxation, depreciation and amortisation (EBITDA) in any one year but which Real Thing Entertainment Pty Ltd may repay earlier in part or whole at its discretion.

Note 8. Convertible notes

Convertible note holders	**Issue date**	**Number of convertible notes**	**Issue price**	**Total $**
Jagen Pty Ltd	15/12/2023	250,000	$1.00	250,000
JL Family Nominees Pty Ltd	15/12/2023	250,000	$1.00	250,000
		500,000		500,000

The Group issued 500,000 convertible notes to holders which mature on 15 December 2024. The notes convert upon one of the following events:

- Optional conversion: The Noteholder may at any time prior to the Maturity Date, give a Conversion Notice to the Company requiring the Notes held by a Noteholder and the subject of a Conversion Notice convert into Conversion Shares; or
- Automatic conversion: On completion of a reverse takeover, the Company must convert all of the Notes held by the Noteholder into Conversion Shares.

If they convert an an optional conversion, the share price will be set at $12.15, however if an automatic conversion occurs, it will be set at the same price payable for a share under the equity capital raising undertaken during a Reverse Takeover.

There is no interest payable on the notes and the Noteholders have the option to roll-forward the notes at the Maturity Date.

Note 9. Issued capital

	Consolidated			
	31 December 2023 Shares	**30 June 2023 Shares**	**31 December 2023 $**	**30 June 2023 $**
Ordinary shares	1,313,745	1,290,247	1,750,874	1,446,711
Preference shares	68,802	72,562	1,000,000	1,000,000
	1,382,547	1,362,809	2,750,874	2,446,711

Movements in ordinary shares

		Number of Shares	**Total $**
Opening balance	**1 July 2023**	**1,290,247**	**1,446,711**
Shares issued at $15.41	1 October 2023	19,738	304,163
Transfer of preference shares to ordinary shares	1 October 2023	3,760	-
Closing balance	**31 December 2023**	**1,313,745**	**1,750,874**

Note 9. 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.

Preference shares
Preference 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, with priority over ordinary shareholders.

Preference shares entitle the holder to vote on any matter (at a general meeting of the group or otherwise) that is submitted to the holders of Ordinary Shares or otherwise and, in respect of any such matter, the right to cast such number of votes that the holder would have been entitled to cast on an As Converted Basis calculated immediately before the relevant vote.

Note 10. Capital risk management

The group'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.

In order to maintain or adjust the capital structure, the company may issue new shares or reduce its capital, subject to the provisions of the company's constitution. The capital structure of the company consists of equity attributed to equity holders of the company, comprising contributed equity, reserves and accumulated losses. By monitoring undiscounted cash flow forecasts and actual cash flows provided to the board by the company's management, the board monitors the need to raise additional equity from investors.

Note 11. Reserves

The consolidated balance sheet line item ‘Reserves’ is comprised of the following:

	Consolidated	
	31 December 2023 $	30 June 2023 $
Foreign currency reserve (restated, note 15)	(63,235)	(73,590)
Options reserve	883,705	58,936
	820,470	(14,654)

Foreign currency reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Note 11. Reserves (continued)

Options on issue

Grant date	Tranche #	Vesting date	Expiry date	Number of options	Exercise Price $
01/09/2018	Tranche #1	01/09/2019	01/09/2024	7,000	7.97
01/09/2018	Tranche #2	01/09/2020	01/09/2025	7,000	7.97
01/09/2018	Tranche #3	01/09/2021	01/09/2026	7,000	7.97
12/03/2021	N/A	12/03/2021	12/03/2026	9,790	8.51
21/08/2023	Tranche #1	01/09/2024	01/09/2029	6,000	15.41
21/08/2023	Tranche #2	01/09/2025	01/09/2030	6,000	15.41
21/08/2023	Tranche #3	01/09/2026	01/09/2031	6,000	15.41
07/12/2023	N/A	07/12/2023	12/03/2026	157,346	12.15

On 7 December 2023, the Group signed a deed of variation with JL Family Nominees and Jagen Pty Ltd. The deed replaced 21,673 options (exercise price $14.53) they each held with 78,673 options (exercise price of $12.15). The expiry date has been extended to 12 March 2026.

Note 12. Critical accounting judgements, estimates and assumptions

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the group's accounting policies. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the financial statements.

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Revenue from contracts with customers involving sale of goods and services
When recognising revenue in relation to the sale of goods to customers, the key performance obligation of the group is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

When recognising revenue in relation to the sale of services to customers, the key performance obligation of the group is considered to be the point of delivery of the services provided to the customer, as this is deemed to be the time that the customer obtains access to the provided services and therefore benefits from the services provided.

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

Research and Development Rebate
The consolidated entity is entitled to claim grant credits from the Australian Government in recompense for its research and development program expenditure. The program is overseen by AusIndustry, which is entitled to audit and/or review claim lodged for the past 4 years. In the event of a negative finding from such an audit or review AusIndustry has the right to rescind and clawback those prior claims, potentially with penalties. Such a finding may only occur in the event that those expenditures do not appropriately qualify for the grant program. In their estimation, considering also the independent external expertise they have contracted to draft and claim such expenditures, the directors of the company consider that such a negative review has a remote likelihood of occurring.

Note 12. Critical accounting judgements, estimates and assumptions (continued)

Valuation of hybrid debt agreements
Some of the borrowings disclosed in note 6, 7, and the convertible notes in note 8 include equity conversion features, which on conversion entitle the holder to a variable number of equity instruments in the company. The directors have determined that as the company's securities are not on a traded exchange and do not have any recent pricing information that it is not possible to reliably separate out and value this conversion option as an embedded derivative. Consequently the entire arrangement is held at fair value and that the most appropriate and reliable evidence for this fair value is its amortised cost value.

Significant estimates and judgements

The areas involving significant estimates or judgements are:

- Judgment on the group's ability to remain a going concern (note 15)

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group provides product warranties to its customers. In the directors' view, there is no material provision relevant to these financial statements owing to both the low and infrequent warranty claim history, the fact that underlying hardware is in-turn provided by warranty by wholesale suppliers and finally that support for software warranties is absorbed into the Group's technical support function and forms part of the overall revenue recognition policies attached to the provision of that software to the customer.

Note 13. Contingent liabilities

With exception of the deposit for rent as disclosed in the statement of financial position, the group had no contingent liabilities at 31 December 2023 (30 June 2023: nil).

Note 14. Events after the reporting period

With the exception of the matters discussed in the going concern note, no other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the group's operations, the results of those operations, or the group's state of affairs in future financial years.

Note 15. Basis of preparation of half-year report

This interim financial report for the half-year period ended 31 December 2023 have been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by Chimeric Therapeutics Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

(i) Historical cost convention

The financial statements have been prepared on a historical cost basis except for financial instruments at fair value.

(ii) Principles of consolidation

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group 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 group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group.

Note 15. Basis of preparation of half-year report (continued)

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

(iii) Going concern

The financial statements have been prepared on a going concern basis, which assumes that the group will be able to realise assets and discharge its liabilities in the normal course of business, however, during the year, the group incurred a net loss after tax of $1,020,750, cash outflows from operations totaling $125,325 and had a net deficiency of current assets relative to current liabilities of $644,193 as at 31 December 2023. Due to these matters, there is a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern. Notwithstanding this, Executive Management has prepared a cashflow forecast extending for 12 months from the date of signing these financial statements that sets out why the entity will continue to be able to pay its debts as and when they fall due and payable. This forecast includes the following features:

Expected capital raising activities
The forecast includes proceeds from expected capital raising activities. Executive Management of the entity believe that such capital raising activities will eventuate based upon the entity's track record of successfully issuing capital.

Commercialization and expansion of its revenue streams from customers
This report reflects that the entity recorded revenues from customers for the half-year totaling $852,820. For the period from 31 December 2023 to the date of signing these financial statements, revenues recorded have been $976,325. This growth is developed from both a retention of its existing customer base, together with an expansion in the AI development business market, and an overseas expansion in the AI product market. As at the date of signing these financial statements, the entity has forecasted revenues of $4,263,773 based on existing customer contracts, the indefinite delivery indefinite quantity contract (IDIQ), proposals under the IDIQ and forecasted increases in sales.

Synergies in operating expenditures arising from an expansion in trading revenues
The group's operating expenditures to reporting date were approximately 190% of trading revenues. These operating expenditures reflected a portion of fixed costs. In-line with the aforementioned expansion and commercialization of revenues, the Executive Management of the entity expect that, owing to the proportion of fixed costs endemic to its business model, that this percentage of operating expenses will decline by 38%, representing an increase to the business' gross margin performance.

Curtailing non-operating expenses
Non-operating expenses principally relate to corporate matters connected with the overall administration of the entity. In these financial statements these non-operating expenses related to:

- Costs for due diligence activities (including retaining the services of lawyers and consultants) that are not expected to repeat in the forecast year, totalling $31,668;
- Costs for employing and retaining key management personnel including amounts owing to them as at report date, as set out in note 6 and note 7. These key management personnel have written to the entity as at the date of signing these financial statements advising that they will, if necessary to safeguard the entity's quantum of available of working capital, to defer calling upon amounts owing to them, for at least as long as the forecast period; and
- The entity is on a lease which it will shortly exercise an option to extend by another 3 years. Under the lease it is permitted to pursue sub-letting options, if required, to which it is allowed under this leasing arrangement to defray its occupancy costs.

Flexing its research and development activities
For the half-year ended 31 December 2023, the entity incurred $533,188 in research and development activities. The entity only conducts research and development activities when and only when it has sufficient working capital and it has not entered into any contract with its research and development activities with break cost clauses that are materially significant to these financial statements that would impact its overall solvency.

Note 15. Basis of preparation of half-year report (continued)

Agreements with key shareholders
As set out in note 6 and note 7, the entity has entered into agreements with all of its key shareholders and financiers to extend maturity deadlines for repayment of amounts owing to them, including accrued interest on such borrowings.

The new convertible notes are expected to roll into equity prior to the maturity date and if not, they are anticipated to be rolled forward.

Based upon the aforementioned assumptions set out in the cashflow forecast, Executive Management of the entity has applied the going concern basis of accounting in these financial statements. In the event that all or some of these assumptions do not eventuate, this may mean that the recorded amounts and classification of assets and liabilities set out in these financial statements may differ, should the entity not continue as a going concern.

Subsequent events

As at the date of signing these financial statements, the group's unaudited management accounts indicate that it has an approximate surplus of current monetary assets to current monetary liabilities of $393,395, excluding amounts payable to related parties and to key shareholders, which are discussed below. This has been influenced by the following:

- The group has incurred a trading loss from the period of the last reviewed financial statements at 31 December 2023 of $71,291.

(iv) Restatement of results

The results for the interim report, which were signed on 23 April 2024 included an error relating to an uneliminated intercompany sales and purchases and exchange differences on foreign translations. There was no impact to the net assets represented in the original financial report or its comparative results. Consequently, this restated interim report includes the following restated amounts:

Note 15. Basis of preparation of half-year report (continued)

	Interim report signed 23 April 2024 $	Adjustment $	Restated amount $
For the period ending 31 December 2022			
Statement of profit or loss and other comprehensive income			
Revenue from contracts with customers	1,138,281	(220,905)	917,376
Costs of goods sold	(288,314)	(4,758)	(293,072)
Marketing expenses	(691,148)	221,886	(469,262)
Exchange differences on translation of foreign operations	62,519	3,777	66,296
Statement of cash flows			
Receipts from customers (inclusive of GST)	1,173,218	(220,905)	952,313
Payments to suppliers and employees (inclusive of GST)	(1,988,869)	220,905	(1,767,964)
For the year ended 30 June 2023			
Statement of financial position			
Reserves	123,626	(138,280)	(14,654)
Accumulated losses	(3,464,774)	138,280	(3,326,494)
For the period ending 31 December 2023			
Statement of profit or loss and other comprehensive income			
Revenue from contracts with customers	1,102,128	(249,308)	852,820
Costs of goods sold	(274,874)	(17,493)	(292,367)
Marketing expenses	(549,031)	230,630	(318,401)
Exchange differences on translation of foreign operations	(25,816)	36,171	10,355
Statement of financial position			
Reserves	922,579	(102,109)	820,470
Accumulated losses	(4,974,501)	102,109	(4,872,392)
Statement of cash flows			
Receipts from customers (inclusive of GST)	1,231,767	(249,308)	982,459
Payments to suppliers and employees (inclusive of GST)	(1,702,283)	249,308	(1,452,975)

Real Thing Entertainment Pty Ltd
Directors' declaration
31 December 2023

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the group's financial position as at 31 December 2023 and of its performance for the financial half-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 on behalf of the directors

Silvio Salom

12 July 2024

William Buck
ACCOUNTANTS & ADVISORS

Independent auditor's review report to the members of Real Thing Entertainment Pty Ltd

Report on the half-year financial report

Our conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Real Thing Entertainment Pty Ltd (the Company) and its controlled entities (together, the Group), does not comply with the *Corporations Act 2001*, including:

— giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the half-year then ended; and

— complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.*

What was reviewed?

We have reviewed the accompanying half-year financial report of the Company, which comprises:

— the statement of financial position as at 31 December 2023,

— the `statement of profit or loss and other comprehensive income for the half-year then ended,

— the statement of changes in equity for the half-year then ended,

— the statement of cash flows for the half-year then ended,

— notes to the financial statements, including material accounting policy information, and

— the directors' declaration.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review 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 (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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William Buck
ACCOUNTANTS & ADVISORS

Material Uncertainty Related to Going Concern

We draw attention to Note 15 to the financial report, which indicates that the Group incurred a loss after tax of $1,020,750 and net operating cash outflows of $125,325 for the half-year ended 31 December 2023 and a net deficiency of current assets relative to current liabilities of $644,193 as at 31 December 2023. These events or conditions, along with other matters as set forth in Note 15, indicate that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Restatement of results

We draw attention to Note 15 to the financial statements, which describes the restatement of results of the Group for the period ended 31 December 2023, which were previously issued on 23 April 2024. We have evaluated the appropriateness of the restatement and its impact on the current and prior year results presented in these financial statements. Our conclusion is not modified in respect of this matter.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

N. S. Benbow
Director
Melbourne, 12 July 2024