hitIQ Limited

ABN 53 609 543 213

Annual Report - 30 June 2019

DIRECTORS REPORT

In accordance with the Corporations Act 2001, the directors of hitIQ Ltd present their report on the company for the financial year ended 30 June 2019.

Directors

The names of each person who has been a director during the year and to the date of this report are:

Names	**Position**
Michael Vegar	Director
Matthew Banks	Director – Appointed 26 July 2019
Geoffrey Pocock	Director – Resigned 2 July 2019
Philip Carulli	Director

All Directors and officers have been in office since the start of the financial year to the date of this report unless otherwise stated.

Information on Directors

The names, qualifications, experience and special responsibilities of each person who has been a Director during the year and to the date of this report are:

M D Vegar
Experience Mike Vegar is one of the founding members of the Company. Mike holds a Bachelors Degree of Commerce and a Master's Degree of Exercise Science. Over the past 9 years, Mike has managed the high performance programs in elite sports, including the Men's National Hockey team through the Australian Institute of Sport. In that time, Mike also started Game Guardian with partner Lucas Lang, a leading manufacturer of mouth guards and sports protection goods in the Australian market, whilst also leading HitIQ in the position as Managing Director over the past three years.

M Banks
Experience Matthew is based in Western Australia and has strong relationships in small to medium business that spans the east, to the west of Australia. Originally in the sports marketing industry in Melbourne for over 10 years, Matthew now resides in Western Australia and is business finance solutions specialist working with Quantum Business Finance.
Since 2005 Matthew has been involved in raising capital for a number of listed exploration mining companies and currently is involved in taking mining assets and listing them publically. He is a director of K2 Advisory Partners Pty Ltd that has an AFSL and consults to public companies.
Matthew is also a director of ASX Listed company Rumble Resources which is looking for economic occurrences of base metals and gold in Western Australia.

Information on Directors (Continued)

P J Carulli

Experience Phil Carulli is a Chartered Accountant and managing director of Optima Financial Group Pty Ltd where he provides financial, taxation and corporate advisory services to a diverse range of businesses. Over the past 22 years Mr Carulli has owned, managed and consulted to companies in professional services, construction, technology, medical, and industrial sectors to name a few. He holds a Bachelor of Business, is a registered SMSF auditor and holds a Certificate of Public Practice. Phil has been working with the company since incorporation in the capacity of financial controller and company secretary. Phil has been appointed a non-executive director of the company.

Company Secretary

Peter Torre	Appointed 3 September 2018

Principal activities

The principal activities of the Group during the financial year were development and design of the Nexus A9 Smart Mouth Guard and associated software and algorithms.

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

Operating results

The loss of the company amounted to $2,987,828 (2018: $1,268,493 loss). The major items of expenditure include Research & Testing $408,534 (2018: $319,495), Share Based Payment Expense $621,690 (2018: $250,000), Employee Benefits Expense $1,577,027 (2018: $513,473).

Dividends paid or recommended

No dividends have been paid or declared during or since the end of the financial year.

Share Options

There were share options issued during the period and no shares issued as a result of exercise of options.

Review of operations

The company has raised capital during the year in order to fund the ongoing development of the mouth guard and virtual reality concussion diagnosis tool. Capital was also deployed in extensive trials with professional sporting bodies. The company believes there is a significant market opportunity in becoming a head impact monitoring and concussion diagnosis specialist considering the only way to accurately quantify head impacts is by securely coupling sensors to the skull via a mouth guard. There is still no product commercially available that is able to validly and reliably quantify head impacts but through our trials and continual testing we believe the Nexus A9 is a market leader and is able to show high levels of validity and reliability.

During the year the company commenced trials with the Australian Football League (AFL) and National Rugby League (NRL) in conjunction with universities. Further testing is to be undertaken in the coming months with a view to commercialising the mouthguard for the 2020 season.

On 18 June 2019 the company terminated its capital raising mandate with Ballieu Holst and DJ Carmichael. Reasons for termination are outlined below:

- Inability to raise capital in accordance with proposed strategy.
- Inability to facilitate presentations or generate appetite across investment community.
- Lack of interaction with joint lead manager and other key stakeholders.
- Poor communication with Company management.

The company has continued to raise capital using existing networks.

Significant changes in state of affairs

There have been no significant changes in the state of affairs of the company.

Events after the reporting date

The following events have occurred after the reporting date:

1. The company has received $857,750 on 23 August 2019 in relation to a Research and Development rebate in relation to the 2019 financial year.

2. The company has raised approximately $1,829,979 post year by the issue of new fully paid ordinary shares before capital raising fee.

Environmental issues

The Group's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

Meetings of directors

During the financial year, 8 meetings of directors were held. Attendances by each director during the year were as follows:

	No. eligible to attend	Number attended
M D Vegar	8	8
P Carulli	8	8
M Banks	-	-
G Pocock	8	8

Indemnification and insurance of officers and auditors

The Company has agreed to indemnify the directors of the Company, against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as directors of the Company, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses totalling $3,117.

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2019 has been received and can be found on the next page of the financial report.

Signed in accordance with a resolution of the Board of Directors:

Director: Michael Vegar

Director: Philip Carulli

Dated this 31st day of October 2019

Bentleys
THINKING AHEAD

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To The Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit partner for the audit of the financial statements of HitIQ Limited for the financial year ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours faithfully

BENTLEYS	**CHRIS NICOLOFF CA**
Chartered Accountants	**Partner**

Dated at Perth this 31st day of October 2019

Contents

General information

The financial statements cover hitIQ Limited as an individual entity. The financial statements are presented in Australian dollars, which is hitIQ Limited's functional and presentation currency.

hitIQ Limited 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**
Suite 3 128 Main Street Osborne Park, WA, 6017	Suite 1, Level 2, 9-17 Raglan Street South Melbourne, VIC, 3205, Australia

The principal activity of the company is product design and development.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 31 October 2019. The directors havethe power to amend and reissue the financial statements.

hitIQ Limited
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2019

	Note	2019 $	2018 $
Revenue			
Other income	3	50,406	36,742
Research and development grant	3	857,750	424,069
Expenses			
Accountancy and Secretarial Fees		(24,372)	(8,990)
Auditors Remuneration		(3,020)	(9,000)
Consultancy Fees		(216,632)	(87,577)
Depreciation and Amortisation		(41,568)	(21,071)
Interest Paid		(15,015)	(12,969)
Occupancy		(200,256)	(87,412)
Research and Testing		(408,534)	(319,495)
Share Based Payment Expense	11.c	(621,690)	(250,000)
Performance Rights Expense	11.c	(130,600)	-
Employee benefits expenses		(1,557,027)	(513,473)
Other expenses		(677,270)	(419,317)
Profit/(Loss) before income tax expense		(2,987,828)	(1,268,493)
Income tax expense	3.a	-	-
Loss after income tax expense for the period attributable to the owners of hitIQ Limited		(2,987,828)	(1,268,493)
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period attributable to the owners of hitIQ Limited		(2,987,828)	(1,268,493)

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

hitIQ Limited
Statement of Financial Position
As at 30 June 2019

	Note	2019 $	2018 $
Assets			
Current assets			
Cash and cash equivalents	4	266,347	271,710
Trade and other receivables	5	982,126	454,866
Total current assets		1,248,473	726,576
Non-current assets			
Property, plant and equipment	6	66,146	18,486
Intangible Assets	7	83,493	108,493
Total non-current assets		149,639	126,979
Total assets		1,398,112	853,555
Liabilities			
Current liabilities			
Trade and other payables	8	302,882	144,758
Provisions	9	86,922	31,894
Borrowings	10	648,204	416,160
Total current liabilities		1,038,008	592,812
Total liabilities		1,038,008	592,812
Net assets		360,104	260,743
Equity			
Issued capital	11a	4,273,711	1,758,812
Reserves	11b	572,290	-
Accumulated losses		(4,485,897)	(1,498,069)
Total equity		360,104	260,743

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

hitIQ Limited
Statement of Changes in Equity
For the year ended 30 June 2019

	Issued capital $	Retained Losses $	Reserves $	Total Equity $
Balance at 1 July 2017	368,100	(229,576)	-	138,524
Loss after income tax expense for the period	-	(1,268,493)	-	(1,268,493)
Total comprehensive income attributable to the owners of hitIQ Limited	-	(1,268,493)	-	(1,268,493)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	1,390,712	-	-	1,390,712
Dividends Paid	-	-	-	-
Balance at 30 June 2018	1,758,812	(1,498,069)	-	260,743

	Issued capital $	Retained Losses $	Reserves $	Total Equity $
Balance at 1 July 2018	1,758,812	(1,498,069)	-	260,743
Loss after income tax expense for the period	-	(2,987,828)	-	(2,987,828)
Total comprehensive income attributable to the owners of hitIQ Limited	-	(2,987,828)	-	(2,987,828)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	2,514,899	-	-	2,514,899
Share based payment expense	-	-	441,690	441,690
Performance rights expense	-	-	130,600	130,600
Dividends Paid	-	-	-	-
Balance at 30 June 2019	4,273,711	(4,485,897)	572,290	360,104

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

hitIQ Limited
Statement of Cash Flows
For the year ended 30 June 2019

	Note	2019 $	2018 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		-	-
Payments to suppliers and employees (inclusive of GST)		(2,767,260)	(1,252,744)
Receipts - other		404,389	156,893
Interest Paid		(14,955)	(12,969)
Net cash used in operating activities	15	(2,377,826)	(1,108,820)
Cash flows from investing activities			
Payments for property, plant and equipment		(64,228)	(23,050)
Net cash used in investing activities		(64,228)	(23,050)
Cash flows from financing activities			
Proceeds from share issue		2,372,200	923,935
Payments for share issue costs		(139,301)	(48,356)
Net Proceeds from borrowings		203,792	510,616
Net cash from financing activities		2,436,691	1,386,195
Net increase in cash and cash equivalents		(5,363)	254,325
Cash and cash equivalents at the beginning of the financial year		271,710	17,385
Cash and cash equivalents at the end of the financial period	4	266,347	271,710

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

Note 1. Significant accounting policies

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

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

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

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

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

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

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

For the year ended 30 June 2019, the Company incurred a net loss of $2,987,828 (2018: Loss $1,268,493) and experienced net cash outflows from operating activities of $2,377,826 (2018: $1,108,820). In addition, at the 30 June 2019 the Company had working capital of $210,465 (2018: $133,764).

The ability of the company to continue as a going concern is principally dependent upon the ability of the company to secure funds by raising capital from equity markets and managing cash flow in line with the available funds. These conditions indicate a material uncertainty that may cast significant doubt about the ability of the company to continue as a going concern.

Subsequent to the end of the financial year the following events have occurred:

1. The company has received $857,750 on 23 August 2019 in relation to a Research and Development rebate in relation to the 2019 financial year.
2. The company has raised approximately $1,829,979 post year by the issue of new fully paid ordinary shares before capital raising fee.

The directors have prepared a cash flow forecast, which indicates that the company will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report.

Based on the cash flow forecasts and other factors referred to above, the directors are satisfied that the going concern basis of preparation is appropriate. In particular, given the company’s history of raising capital to date, the directors are confident of the company’s ability to raise additional funds as and when they are required.

Going Concern (Continued)

Should the company be unable to achieve the matters as described above, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the company be unable to continue as a going concern and meet its debt when they fall due.

Revenue recognition

Revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services.

Revenue is recognised by applying a five-step process outlined in AASB 15 which is as follows:

Step 1: Identify the contract with a customer;

Step 2: Identify the performance obligations in the contract and determine at what point they are satisfied;

Step 3: Determine the transaction price;

Step 4: Allocate the transaction price to the performance obligations; and

Step 5: Recognise the revenue as the performance obligations are satisfied.

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the control of the goods or services underlying the particular performance obligation is transferred to the customer. A performance obligation is a promise to transfer a distinct goods or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Company's customary business practices.

Revenue is measured at the amount of consideration to which the Company expects to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as sales taxes or services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Company estimates the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract. Revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

i. the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;
ii. the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
iii. the Company's performance does not create an asset with an alternative use and the Company has an enforceable right to payment for performance completed to date.

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

Revenue recognition (Continued)

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

Government Grant
Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

Changes to accounting policy
There was no effect from the adoption of AASB 15 for the Company.

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

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

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

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

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

Financial assets
Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Company’s business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are ‘solely payments of principal and interest (SPPI)’ on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Financial assets (Continued)
Initial recognition and measurement (Continued)
The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:
► Financial assets at amortised cost (debt instruments)
► Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
► Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
► Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)
This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:
• The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
And
• The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through OCI (debt instruments)
The Company measures debt instruments at fair value through OCI if both of the following conditions are met:
• The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling
And
• The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Company's debt instruments at fair value through OCI includes investments in quoted debt instruments included under other non-current financial assets.

Financial assets designated at fair value through OCI (equity instruments)
Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company elected to classify irrevocably its non-listed equity investments under this category.

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

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company’s consolidated statement of financial position) when:
► The rights to receive cash flows from the asset have expired

Or
► The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial assets (Continued)
Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at fair value through OCI, the Company applies the low credit risk simplification. At every reporting date, the Company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Company reassesses the internal credit rating of the debt instrument. In addition, the Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Company's debt instruments at fair value through OCI comprise solely of quoted bonds that are graded in the top investment category (Very Good and Good) by the *Good Credit Rating Agency* and, therefore, are considered to be low credit risk investments. It is the Company's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Company uses the ratings from the *Good Credit Rating Agency* both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

Financial liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities (Continued)
Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings
This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings..

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

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

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

Plant and equipment	2-7 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

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

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

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

Superannuation expense
Contributions to superannuation plans are expensed in the period in which they are incurred.

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

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

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.

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.

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

Intangible assets
Research and development costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the consolidated entity is able to use or sell the asset; the consolidated entity has sufficient resources; and intent to complete the development and its costs can be measured reliably.

Patent and trademark costs are expensed in the period in which they are incurred.

Intangible assets are amortised on a straight line basis over the estimated useful life being 5 years.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended 30 June 2019. The company has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 2. Critical accounting judgements, estimates and assumptions

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

Provision for impairment of receivables
The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtors financial position.

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

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

Note 3. Other income

	2019 $	2018 $
Research and development grant	857,750	424,069
Other income	45,116	36,742
Interest Income	5,290	-
	908,156	460,811

Note 3a. INCOME TAX EXPENSE	**2019 $**	**2018 $**
The components of the tax expense/(income) comprise:		
Current tax	-	-
Deferred tax	-	-
	-	-

(a) The prima facie tax on profits/(losses) from ordinary activities before income tax is reconciled to the income tax as follows:

Profit from continuing operations		
Prima facie tax benefit on loss from ordinary activities before income tax at 27.5% (2018: 27.5%)	2,987,828	1,268,493
Add/(subtract):		
Tax effect of:		
Current year capital losses not recognised	(821,653)	(348,836)
Effect of tax losses derecognised		
Other non-allowable items	888	663
Share based payments	157,380	
Research and Development claim refund	306,375	151,470
Movement in unrecognised temporary differences	357,010	196,703
Income tax expense (benefit) attributable to entity	-	-

(b) Unrecognised deferred tax assets at 27.5% (2018: 27.5%) comprise the following:

Deferred tax assets have not been recognized in respect to the following as they are not considered to have met the recognition criteria:

Deductible temporary differences	127,095	58,848
Tax revenue losses	1,928,494	698,521
	2,055,589	757,369

Note 4. Current assets - cash and cash equivalents

	2019 $	2018 $
Cash at bank	266,347	271,710
	266,347	271,710

Note 5. Current assets - trade and other receivables

	2019 $	2018 $
Trade Receivables	-	4,441
Lease Bond – Bank Guarantee	52,240	-
GST Receivable	44,791	15,879
Sundry Debtors	2,652	6,283
Prepayments	24,693	4,194
Research and Development Grant Receivable	857,750	424,069
	982,126	454,866

Note 6. Property, plant & equipment

	2019 $	2018 $
Leasehold improvements at cost	4,970	2,000
Less : accumulated depreciation	(2,283)	(55)
Office equipment at cost	82,308	21,050
Less : accumulated depreciation	(18,849)	(4,509)
	66,146	18,486

Movements in carrying amounts	**Leasehold improve**	**Office equipment**	**Total**
Balance – 1 July 2018	1,945	16,541	18,486
Additions	2,970	61,258	64,228
Depreciation expense	(2,228)	(14,340)	(16,568)
Balance – 30 June 2019	2,687	63,459	66,146

Note 7. Intangible Assets

	2019 $	2018 $
Intellectual Property	125,000	125,000
Less : accumulated amortisation	(41,507)	(16,507)
	83,493	108,493

Note 8. Current liabilities – trade and other payables

	2019 $	2018 $
Trade Creditors	96,515	42,320
Other Payables	22,888	18,000
PAYG Withholding Payable	140,190	65,438
Superannuation Payable	43,289	19,000
	302,882	144,758

Note 9. Current liabilities - Provisions

Employee entitlements	86,922	31,894

Note 10. Borrowings

	2019 $	2018 $
Credit Cards	31,952	42,475
Loan – Radium	588,000	350,302
Loan – Lucas Lang	-	10,000
Insurance Premium Funding	28,252	13,383
	648,204	416,160

Note 11a. Equity - issued capital

	2019 Shares	2018 Shares	2019 $	2018 $
Ordinary shares - fully paid	*49,621,042*	*27,502,708*	*4,273,711*	*1,758,812*

Movements in ordinary share capital

Details	Date	No of shares	Issue price	$
Opening Balance	30 June 2018	27,502,708		1,758,812
Issue of shares		22,118,334		2,514,899
Closing Balance	30 June 2019	49,621,042		4,273,711

Details	Date	No of shares	Issue price	$
Opening Balance	30 June 2018	27,502,708		1,758,812
Issue of shares	15 October 2018	2,831,668	$0.12	339,800
Capital Raising Fee	15 October 2018	-	$0.00	(16,301)
Issue of shares	10 January 2019	16,753,333	$0.12	2,010,400
Capital Raising Fee	10 January 2019	-	$0.00	(123,000)
Share Issue	1 May 2019	2,533,333	$0.12	304,000
Closing Balance	30 June 2019	49,621,042		4,273,711

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.

Note 11b. Equity - reserves

Options

For information relating to the options scheme, including details of options issued, issued and lapsed during the financial year, and the options outstanding at balance date, refer to Note 11.c

Details	**Date**	**2019 No**	**2018 No**
Opening Balance		-	-
Consultant Options Ex $0.20	23 January 2019	3,000,000	
Zero Strike Price	29 April 2019	1,000,000	-
Consultant Options Ex $0.50	29 April 2019	1,800,000	-
Closing Balance	30 June 2019	5,800,000	-

Performance Rights

For information relating to the performance rights scheme, including details of performance rights issued, issued and lapsed during the financial year, and the performance rights outstanding at balance date, refer to Note 11.c

Details	**Date**	**2019 No**	**2018 No**
Opening Balance		-	-
Consultant – Various	29 April 2019	1,500,000	-
Closing Balance	30 June 2019	1,500,000	-

Equity - Reserves

	2019 $	**2018 $**
Option Reserve	441,690	-
Performance Rights	130,600	-
	572,290	-

The reserve records the value of options and performance rights issued the Company to its employees and consultants

Note 11c. Equity – Share Based Payments

The following share-based payment arrangements were in existence during the reporting period:

Option Series	Number	Grant Date	Expiry Date	Vesting Date	Exercise Price	Fair value at grant date
Consultants Options	3,000,000	23 January 2019	10 December 2023	Refer to model input below	$0.20	$0.09
Zero Exercise Price Options	1,000,000	29 April 2019	1 May 2022	Refer to model input below	Nil	$0.12
Consultants Options	1,800,000	29 April 2019	29 April 2022	Refer to model input below	$0.50	$0.56

The fair value of share options at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the share price at grant date, the expected price volatility of the underlying share and the risk-free rate for the term of the option. The fair value of share options issued during the year was $441,690.

The model inputs for options granted during the year ended 30 June 2019 are as follows:

Consultant Options
On 23 January 2019 the company issued options to various consultants in assisting with the capital raising undertaken during the year:

Issued to	Exercise price	Grant date	Share price at grant date	Expected price volatility	Risk-free interest rate	Expected dividend yield	Vesting Condition	Percentage vest
Various Consultants	$0.20	23 January 2019	$0.12	120.91%	1.31%	0%	Vest immediately upon issue	100%

Note 11c. Equity – Share Based Payments (Continued)

Zero Exercise Price Options (expiring 1 May 2022)
On 29 April 2019 the company issued options to the following allotees:

Issued to	Exercise price	Grant date	Share price at grant date	Expected price volatility	Risk-free interest rate	Expected dividend yield	Vesting Condition	Percentage vest
Rock the Polo Pty Ltd	Nil	29 April 2019	$0.12	120.91%	1.31%	0%	333,333 vesting immediately 333,333 vest upon the completion of a Pre-IPO raise or other capital investment product to raise no less than $4m. 333,334 vest upon lodgment of a prospectus with the ASX (or other stock exchange in the world) for the IPO of the Company, or a trade sale, or investment that values the Company at a minimum of AUD $30m.	100% 70% 50%

Consultants Options (expiring 3 years from date of relevant vesting condition)
On 29 April 2019 the company issued options to the following allotees:

Issued to	Exercise price	Grant date	Share price at grant date	Expected price volatility	Risk-free interest rate	Expected dividend yield	Vesting Condition	Percentage vest
Berry Enterprises Pty Ltd ATF the Berry Trust	$0.50	29 April 2019	$0.12	120.91%	1.31%	0%	400,000 Options vested immediately 400,000 Options will vest upon the occurrence of the Second Vesting Condition noted above 400,000 Options will vest upon the occurrence of the Third vesting Condition noted above	100% 70% 50%
Rock the Polo Pty Ltd	$0.50	29 April 2019	$0.12	120.91%	1.31%	0%	200,000 Options vested immediately 200,000 Options will vest upon the occurrence of the Second Vesting Condition noted above 200,000 Options will vest upon the occurrence of the Third vesting Condition noted above	100% 70% 50%

Note 11c. Equity – Share Based Payments (Continued)

The following performance rights arrangements were in existence during the reporting period:

The fair value of performance rights recognised during the year was $130,600.

All valuations of the performance shares were performed on the initial grant date values and are reflected in the model inputs below.

Issued to	Share Price at Grant date $	Issue date	Term of the performance rights	Vesting Condition	Probability performance condition is met	Fair value of performance rights issued	Performance Condition Satisfied
Berry Enterprises Pty Ltd ATF the Berry Trust	$0.12	29 April 2019	3 years from date of issue	333,333 vesting immediately	100%	40,000	Yes, expensed immediately
			3 years from date of issue	333,333 vest upon the completion of a Pre-IPO raise or other capital investment product to raise no less than $4m.	70%	28,000	No, expensed over vesting period
			3 years from date of issue	333,334 vest upon lodgement of a prospectus with the ASX (or other stock exchange in the world) for the IPO of the Company, or a trade sale, or investment that values the Company at a minimum of AUD $30m.	50%	20,000	No, expensed over vesting period
Damien Peter Hawes as trustee for the DP Hawes Trust	$0.12	29 April 2019	31 December 2020	125,000 vest upon the Company reaching $2m in revenue by 31 December 2020.	50%	7,500	No, expensed over vesting period
			31 December 2021	125,000 vest upon the Company reaching $4m revenue by 31 December 2021	70%	10,5000	No, expensed over vesting period

Note 11c. Equity – Share Based Payments (Continued)

Issued to	Share Price at Grant date $	Issue date	Term of the performance rights	Vesting Condition	Probability performance condition is met	Fair value of performance rights issued	Performance Condition Satisfied
Benjamin Edwin Nizette and Aimee Elizabeth Nizette as trustees for the Nizette Investment Trust	$0.12	29 April 2019	3 years from date of issue	100,000 vest upon achieving both peak linear and rotational acceleration under 10% error across full range up to 100g and 6000 rad/s certified by an external validation by 1 September 2019; or 50,000 Performance Rights by the same criteria if performed after that date.	100%	12,000	Yes, expensed immediately
			3 years from date of issue	100,000 vest upon delivering 500 mouth guards under 8% failure rate for a minimum of 12 month period.	70%	8,400	No, expensed over vesting period
			3 years from date of issue	50,000 vest upon delivering the first 500 mouth guards with fewer than 10% of players experiencing in-field failure as at 1 October 2019; or 25,000 Performance Rights upon delivering the first 500 mouth guards with fewer than 20% of players experiencing in-field failure as at 1 October 2019.	70%	8,400	No, expensed over vesting period

The following share based payments arrangements were in existence during the reporting period:

The fair value of share issued in relation to the share based payments recognised during the year was $180,000.

Total of 1,500,000 at the average share price of $0.12 were issued to directors and employees of the Company in lieu of their services to the Company. The shares were approved for issue on 23 January 2019.

Note 12. Remuneration of auditors

During the financial period the following fees were paid or payable for services provided by Bentleys WA Pty Ltd, the auditor of the Company, its network firms and unrelated firms:

	2019 $	2018 $
Audit services – Bentleys		
Audit or review of the financial statements	9,000	9,000

Note 13. Contingent liabilities

There were no contingent liabilities at 30 June 2019.

Note 14. Dividends

	2019 $	2018 $
Dividend paid	-	-

Note 15. Cash flow information

a) Reconciliation of cash flow from operations to loss after income tax

	2019 $	2018 $
Loss after income tax expense for the period	(2,987,828)	(1,268,493)
Adjustments for:		
Depreciation of Plant & Equipment	16,568	4,564
Amortisation of Intellectual Property	25,000	16,507
Share based payments	621,690	250,000
Performance rights	130,600	-
Consultancy fee – Share based payments	72,000	-
Accounting fee – Share based payments	12,000	-
Change in operating assets and liabilities:		
(Increase)/Decrease in trade receivables	(433,679)	(3,121)
(Increase)/Decrease in other receivables	(93,575)	(303,918)
Increase/(Decrease) in trade creditors	204,370	40,239
Increase/(Decrease) in other payables	-	123,508
Increase/(Decrease) in provisions	55,028	31,894
Net cash deficit from operating activities	(2,377,826)	(1,108,820)

b) Reconciliation of liabilities arising from financing activities

	2018 $	Others	Cash flows – Draw down	Cash flows – Repayments	2019 $
Short term borrowings	416,160	28,252	648,203	(444,411)	648,204

Note 16. Financial instruments

Financial risk management objectives

The Company's principal financial instruments comprise receivables, payables, borrowings, cash and short-term deposits.

The Board of Directors has overall responsibility for the oversight and management of the Company's exposure to a variety of financial risks (including fair value interest rate risk, credit risk, liquidity risk and cash flow interest rate risk).

The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

Interest rate risks

Interest rate risk is the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from fluctuations in interest-bearing financial assets and liabilities that the Company uses.

Interest-bearing assets comprise cash and cash equivalents which are considered to be short-term liquid assets.

The Company's exposure to market interest rates relates to borrowings held at both fixed and variable rates. The Board constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions.

Credit risk

The maximum exposure to credit risk at balance date is the carrying amount (net of provision of doubtful debts) of those assets as disclosed in the Statement of Financial Position and notes to the financial statements. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Liquidity risk

The responsibility for liquidity risk management rests with the Board of Directors. The Company manages liquidity risk by maintaining sufficient cash or credit facilities to meet the operating requirements of the business and investing excess funds in highly liquid short term investments.

Price risk

The company is not exposed to any significant price risk.

Fair value of financial instruments

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

Note 17. Events after the reporting period

1. The company has received $857,750 on 23 August 2019 in relation to a Research and Development rebate in relation to the 2019 financial year.

2. The company has raised approximately $1,829,979 post year by the issue of new fully paid ordinary shares before capital raising fee.

Note 18. Commitments and contingencies

Operating Lease Commitments

The company has entered into lease agreements with lease terms between one to three years. The company has the option to renew the leases for additional terms of one to three years.

Future minimum rentals payable under the non-cancellable operating leases as at 30 June 2019 are as follows:

	2019 $	2018 $
Within one year	194,863	93,200
After one year but not more than five years	332,450	75,075
More than five years	-	-
	527,313	168,275

Note 19. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the company is set out below:

	2019 $	2018 $
Short-term employee benefits	240,330	85,914
Share based payments	186,000	-
	426,330	85,914

Transactions with related parties
The following transactions occurred with related parties:

	2019 $	2018 $
Payment for goods and services:		
Payments to Optima Financial Group Pty Ltd (director related entity of Philip Carulli)		
- Bookkeeping services	13,050	6,320
- Accounting services ($12,000 converted to equity)	24,372	8,990

Directors' Declaration

In the Directors' opinion:

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

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

- the attached financial statements and notes thereto give a true and fair view of the Company's financial position as at 30 June 2019 and of its performance for the financial period ended on that date;

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

On behalf of the Directors

Michael Vegar Director	Philip Carulli Director

31 October 2019
Perth

Independent Auditor's Report

To the Members of hitIQ Limited

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Report on the Audit of the Financial Report

Opinion

We have audited the financial report of hitIQ Limited ("the Company"), which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

a. the accompanying financial report of the Company is in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the Company's financial position as at 30 June 2019 and of its financial performance for the year then ended; and

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

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report which indicates that the Company incurred a net loss of $2,987,828 during the year ended 30 June 2019. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, 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 this respect of this matter.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the 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 Note 1, the directors also state in accordance with Australian Accounting Standard *AASB 101 Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Bentleys

BENTLEYS
Chartered Accountants

Chris Nicoloff

CHRIS NICOLOFF CA
Partner

Dated at Perth this 31st day of October 2019