

VIZSTONE PTY LTD

ABN 24 140 156 592

Financial Report - 30 June 2021

VIZSTONE PTY LTD

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General information

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

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

Registered office

181 Main Street
Osborne Park, WA 6017

Principal place of business

Level 4, 45 St Georges Terrace Perth WA 6000

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 15 October 2021. The directors have the power to amend and reissue the financial statements.

VIZSTONE PTY LTD

DIRECTORS' REPORT

The directors of Vizstone Pty Ltd ("Vizstone" or the "Company") present their report, together with the financial statements, for the year ended 30 June 2021.

Directors

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

Kathryn Soares
Ben Chan

Principal activities

During the financial year the principal continuing activities of the company consisted of:

- Cloud and IT environment services
- Integration and management of business critical ICT infrastructure systems
- Offering end-to-end enterprise solutions to deploy and manage IT infrastructure

Dividends

No dividends were paid during the current financial year or the previous financial year.

Review of operations

The loss for the year amounted to \$198,633 (30 June 2020: \$58,018).

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

Subsequent to the financial year end, the Company entered into an agreement with ActivePort Group Ltd ("ActivePort") to acquire all of the ordinary share capital of the Company by way of a share swap arrangement and to inject working capital into the Company. This resulted in 2,370 shares in the Company being exchanged for 15,625,000 shares in ActivePort Group Ltd. The agreement became unconditional on 27 September 2021 and the Company became a wholly-owned subsidiary of ActivePort on that date. ActivePort has received a conditional letter of approval for admission to the official list of the Australian Securities Exchange ("ASX"), with one of the conditions precedent being the submission of this audited financial report. It is anticipated that, ActivePort, the now parent company, will be admitted to the official list of the ASX shortly after the date of this report.

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

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

Likely developments and expected results of operations

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

VIZSTONE PTY LTD

DIRECTORS' REPORT

Environmental regulation

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

Shares under option

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

Shares issued on the exercise of options

There were no ordinary shares of the company issued on the exercise of options during the year ended 30 June 2021 and up to the date of this report.

Indemnity and insurance of officers

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

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

Indemnity and insurance of auditor

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

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

Proceedings on behalf of the company

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

Rounding of amounts

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

On behalf of the directors



Kathryn Soares
Director

15 October 2021
Perth

VIZSTONE PTY LTD

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021

	NOTES	2021 \$	2020 \$
Revenue			
Sales revenue	3	4,370,248	6,513,197
Cost of sales	5	(2,402,905)	(4,418,926)
Gross profit		1,967,343	2,094,271
Other income	4	267,335	218,308
Salaries and wages	6	(1,993,177)	(1,770,288)
Office rental and utilities		(73,723)	(92,067)
Administrative expenses		(201,004)	(267,984)
Advertising and marketing		(79,794)	(165,350)
Operating profit / (loss) for the year		(113,020)	16,890
Interest expense		(85,614)	(74,908)
Profit / (loss) before income tax expense for the year		(198,633)	(58,018)
Income tax expense		-	-
Profit after income tax expense for the year		(198,633)	(58,018)
Other comprehensive income		-	-
Total comprehensive income for the year		(198,633)	(58,018)

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

VIZSTONE PTY LTD

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 JUNE 2021

	NOTES	2021	2020
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	42,667	55,548
Trade and other receivables	8	564,937	766,824
TOTAL CURRENT ASSETS		607,604	822,372
NON-CURRENT ASSETS			
Other	9	200	10,200
TOTAL NON-CURRENT ASSETS		200	10,200
TOTAL ASSETS		607,804	832,572
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	1,102,673	1,181,910
Provisions	11	194,040	186,136
Borrowings	12	60,935	60,614
TOTAL CURRENT LIABILITIES		1,357,648	1,428,660
NON-CURRENT LIABILITIES			
Borrowings	12	324,690	279,813
TOTAL NON-CURRENT LIABILITIES		324,690	279,813
TOTAL LIABILITIES		1,682,338	1,708,473
NET LIABILITIES		(1,074,534)	(875,901)
EQUITY			
Issued capital	13	11,850	11,850
Accumulated losses		(1,086,384)	(887,751)
TOTAL DEFICIENCY		(1,074,534)	(875,901)

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

VIZSTONE PTY LTD

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021

	Contributed equity \$	Accumulated losses \$	Total \$
Balance at 30 June 2019	11,850	(829,733)	(817,883)
Loss for the year	-	(58,018)	(58,018)
Total Comprehensive income for the year	11,850	(887,751)	(875,901)
Balance at 30 June 2020	11,850	(887,751)	(875,901)
Loss for the year	-	(198,633)	(198,633)
Total Comprehensive income for the year	11,850	(1,086,384)	(1,074,534)
Balance at 30 June 2021	11,850	(1,086,384)	(1,074,534)

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

VIZSTONE PTY LTD

STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2021

	NOTES	2021 \$	2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		4,474,135	6,475,450
Payments to suppliers and employees		(4,713,084)	(6,563,544)
Government subsidies		260,500	111,500
Interest received		5,984	8,808
Interest and finance lease charges paid		(85,614)	(74,908)
Net cash flows used in operating activities	20	<u>(58,079)</u>	<u>(42,694)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		245,647	53,429
Repayment of borrowings		(200,449)	-
Net cash flows from financing activities		<u>45,198</u>	<u>53,429</u>
Net (decrease) / increase in cash and cash equivalents held		(12,881)	10,735
Cash and cash equivalents at the beginning of the financial year		55,548	44,813
Cash and cash equivalents at the end of the financial year	7	<u>42,667</u>	<u>55,548</u>

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

VIZSTONE PTY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Note 1. Corporate information

Vizstone Pty Ltd (the “Company”) is a company limited by shares incorporated in Australia. The Company’s registered office is 181 Main Street, Osborne Park WA 6017.

The nature of the operations and principal activities of the Company are described in the Directors’ Report.

Note 2. Significant accounting policies

a. Statement of compliance

This financial report is a general-purpose financial report which complies with Australian Accounting Standards (AASBs) (including Australian Interpretations) as issued by the Australian Accounting Standards Board (AASB) and the needs of the members. The financial report also complies with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board.

The financial statements were authorised for issue in accordance with a resolution of the directors, on 14 October 2021.

b. Basis of preparation

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 judgements, estimates and assumptions

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.

With the increasing disruption to normal economic and business activity, as a result of the COVID-19 pandemic announced by the World Health Organisation in March 2020 and the Australian Federal Government’s subsequent announcements of protocols that have already been instigated and the potential for others, the likelihood of normal business operating conditions prevailing in the near term is uncertain. This creates a level of uncertainty about the future trading outlook for all organisations in Australia and the Company is no exception. Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Company based on known information and concluded that there is no current material impact on the financial statements.

It is not possible to reliably assess the potential impacts at the present time. The Company’s key focus throughout this pandemic was, and continues to remain, the health and safety of our team and maintaining a high level of service and reliability for our customers to support them through these unprecedented times.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Going concern

The Company had a net liability position of \$1,074,534 (2020: \$875,901) and net current liability position of \$750,045 (2020: \$606,288) as at 30 June 2021 and incurred a loss of \$198,633 (2020: \$58,018) and net operating cash outflow of \$58,079 (2020: \$42,694) for the year ended 30 June 2021.

VIZSTONE PTY LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

Subsequent to the financial year end, the Company entered into an agreement with ActivePort Group Ltd (“ActivePort”) to acquire all of the ordinary share capital of the Company by way of a share swap arrangement and to inject working capital into the Company. This resulted in 2,370 shares in the Company being exchanged for 15,625,000 shares in ActivePort Group Ltd. The agreement became unconditional on 27 September 2021 and the Company became a wholly-owned subsidiary of ActivePort on that date. ActivePort has received a conditional letter of approval for admission to the official list of the Australian Securities Exchange (“ASX”), with one of the conditions precedent being the submission of this audited financial report. It is anticipated that, ActivePort, the now parent company, will be admitted to the official list of the ASX shortly after the date of this report.

ActivePort Group Ltd will provide funding and support the operations of Vizstone Pty Ltd to enable the Company to pay its debts as and when they fall due. Thus, this financial report has been prepared on a going concern basis.

Functional and presentation currency

The financial report is presented in Australian dollars (\$), which is the functional currency and the presentation currency of the Company.

New, revised or amending Accounting Standards and Interpretations adopted

The Company has adopted all of the new and revised Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current reporting period. The adoption of these new and revised Accounting Standards and Interpretations has not resulted in a significant or material change to the Company’s accounting policies.

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

New Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted for the year ended 30 June 2021. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Company and, therefore, no change is currently necessary to Company accounting policies.

Financial instruments

Recognition and derecognition

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

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

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

VIZSTONE PTY LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

Subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- financial assets at amortised cost
- financial assets at fair value through profit or loss (FVPL)
- debt instruments at fair value through other comprehensive income (FVOCI)
- equity instruments at fair value through other comprehensive income (FVOCI)

Classifications are determined by both:

- The entity's business model for managing the financial asset
- The contractual cash flow characteristics of the financial assets

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Classification and measurement of financial liabilities

The Company's financial liabilities include borrowings and trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Share capital

Ordinary shares

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

Dividends

Dividends are recognised as a liability in the year in which they are declared.

VIZSTONE PTY LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

Impairment

Financial assets

AASB 9's impairment model uses more forward-looking information to recognize expected credit losses - the 'expected credit losses (ECL) model'. The application of the impairment model depends on whether there has been a significant increase in credit risk.

The Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1');
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2'); and
- 'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

12-month expected credit losses are recognised for the first category while 'lifetime expected credit losses are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables

The Company makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance at the amount equal to the 12 months expected credit losses. In using this practical expedient, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

All financial assets, except for those at fair value through profit or loss (FVPL) and equity investments at fair value through other comprehensive income (equity FVOCI), are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

VIZSTONE PTY LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognized.

Foreign currency

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the foreign exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss.

Employee Benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as a personnel expense in profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Short-term benefits

Liabilities for employee benefits for wages, salaries and annual leave represent present obligations resulting from employees' services provided to reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Company expects to pay as at reporting date including related on costs, such as superannuation, workers compensation insurance and payroll tax. Non accumulating non-monetary benefits, such as medical care, housing, cars and free or subsidised goods and services, are expensed based on the net marginal cost to the Company as the benefits are taken by the employees.

Long service leave provision

Provision is made for the Company's liability for employee long service leave benefits, for all employees of the Company based on the probability that the employee will stay until they are legally entitled to the benefit.

The liability payable later than one year has been measured at the present value of the estimated future cash outflows to be made for those benefits.

The liability is carried as a current liability if the staff is entitled to the long service leave in the next financial year. Otherwise, it is carried as a non-current liability.

Current and non-current classification

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

VIZSTONE PTY LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

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

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

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

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.

Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

Revenue recognition

The company recognises revenue as follows:

Revenue from contracts with customers

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

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

Sale of goods

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

Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

VIZSTONE PTY LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

Interest

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

Other revenue

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

Grant income

Cash flow boost incentive and job-keeper payments from the government are recognised when it is received or when the right to receive payment is established.

Finance income and expenses

Finance income comprises interest income on funds invested, dividend income and gains on the disposal of financial assets that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration, losses on disposal of financial assets and impairment losses recognised on financial assets (other than trade receivables).

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognized.

VIZSTONE PTY LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Note 3. Revenue

	2021 \$	2020 \$
<i>Revenue from contracts with customers</i>		
Sale of goods	1,598,213	2,998,854
Rendering of services	2,772,035	3,514,343
	<u>4,370,248</u>	<u>6,513,197</u>

Note 4. Other income

	2021 \$	2020 \$
Cash flow boost	-	50,000
Jobkeeper payments	243,000	159,500
WA Government payroll tax grant	17,500	-
Interest income	5,984	8,808
Sundry income	851	-
	<u>267,335</u>	<u>218,308</u>

Note 5. Cost of sales

	2021 \$	2020 \$
Cost of hardware	1,290,686	2,547,975
Cost of software	123,139	108,305
Cost of internet services	984,303	1,753,458
Other expenses	4,777	9,188
	<u>2,402,905</u>	<u>4,418,926</u>

Note 6. Salaries and wages

	2021 \$	2020 \$
Salaries and wages	1,758,204	1,556,388
Superannuation expense	156,623	139,652
Annual leave expense	3,682	17,881
Long service leave	4,223	10,441
Payroll tax	42,635	18,555
Other employee costs	27,810	27,371
	<u>1,993,177</u>	<u>1,770,288</u>

VIZSTONE PTY LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

Note 7. Cash and cash equivalents

	2021 \$	2020 \$
Cash at bank	42,667	50,037
Cash on deposit	-	5,511
	<u>42,667</u>	<u>55,548</u>

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

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

Balance as above	42,667	55,548
Balance as per Statement of Cash Flows	<u>42,667</u>	<u>55,548</u>

Note 8. Receivables and other current assets

	2021 \$	2020 \$
Trade receivables	518,175	681,718
Less: provision for expected credit losses	(36,387)	-
Related party loan receivable (see note 18)	83,149	83,149
	<u>564,937</u>	<u>764,867</u>
Prepaid expenses	-	1,957
	<u>564,937</u>	<u>766,824</u>

Note 9. Other non-current assets

	2021 \$	2020 \$
Security deposits	200	10,200
	<u>200</u>	<u>10,200</u>

Note 10. Payables

	2021 \$	2020 \$
<i>Current</i>		
Trade payables	404,849	603,870
Accrued expenses	391,212	443,522
GST payable	306,612	134,518
	<u>1,102,673</u>	<u>1,181,910</u>

Note 11. Provisions

	2021 \$	2020 \$
<i>Current</i>		
Provision for annual leave	111,835	108,153
Provision for long service leave	82,206	77,893
	<u>194,041</u>	<u>186,136</u>

VIZSTONE PTY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Note 12. Borrowings

	2021 \$	2020 \$
<i>Current</i>		
Credit card liabilities	60,935	60,614
<i>Non-current</i>		
Related party loans (see note 18)	324,690	279,813

Note 13. Issued capital

	2021 Shares	2020 Shares	2021 \$	2020 \$
Ordinary shares – fully paid	2,370	2,370	11,850	11,850

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.

Voting at meetings is now conducted via a poll. Every member present at a meeting in person or by proxy shall have one vote.

Capital risk management

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

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

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

The capital risk management policy remains unchanged from the 30 June 2020 Financial Report.

Note 14. 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:

	2021 \$	2020 \$
Short-term employee benefits	285,239	268,025
Post-employment benefits	24,700	15,156
	310,539	283,181

Note 15. Remuneration of auditors

During the financial year and for the previous financial year, any fees paid or payable for services provided by Nexia Perth Audit Services Pty Ltd, the auditor of the Company, were borne by ActivePort Group Ltd as part of the acquisition process. Total remuneration of auditors for 2021 and 2020 was \$18,000 and \$15,000, respectively. There were non-audit services provided by the auditors in 2021 (2020: \$10,600).

VIZSTONE PTY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Note 16. Contingent liabilities

The Company had no significant contingent liabilities as at 30 June 2021 or 30 June 2020.

Note 17. Commitments

The Company had no significant commitments as at 30 June 2021 or 30 June 2020.

Note 18. Related party transactions

Loans receivable

	2021	2020
	\$	\$
Vizstone Holdings Pty Ltd	47,065	47,065
Chan Family Trust	36,084	36,084
	<u>83,149</u>	<u>83,149</u>

Loans payable

	2021	2020
	\$	\$
ActivePort Group Ltd ¹	245,647	-
101IC Pty Ltd	79,043	79,043
JMES	-	180,770
Jeslyn Lee	-	20,000
	<u>324,690</u>	<u>279,813</u>

Note 1 - Interest accrues on the loan at 6% per annum.

From 27 September, the Company is controlled by the ultimate parent company, ActivePort Group Ltd.

Note 19. Dividends

No dividends have been paid or proposed during the financial year and up to the date of this report (2020: Nil).

Note 20. Cash flow information

Reconciliation of cash flows from operating activities with profit / (loss) after tax accordingly is as follows:

	2021	2020
	\$	\$
Cash flows from operating activities		
Profit / (loss) after tax	(198,633)	(58,018)
Adjustments for non-cash items:		
Depreciation on PPE	-	-
Interest on lease liability	-	-
Operating profit before working capital changes	<u>(198,633)</u>	<u>(58,018)</u>
(Increase)/Decrease in receivables	201,888	(135,747)
(Increase)/Decrease in other assets	10,000	6,413
Increase/(Decrease) in payables	(79,238)	116,336
Increase/(Decrease) in provisions	7,905	28,322
Net cash used in operating activities	<u>(58,079)</u>	<u>(42,694)</u>

Note 21. Financial Instruments

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

VIZSTONE PTY LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

Exposure to credit risk, liquidity risk, interest rate risk and currency risk arises in the normal course of the Company's business.

The Company manages its exposure to key financial risks, including interest rate and currency risk in accordance with the Company's financial risk management policy. The objective of the policy is to support the delivery of the Company's financial targets whilst protecting future financial security. Debt borrowings are driven by balancing cash, short term borrowings and longer term capital financing of the business.

(a) Credit risk

The Group's credit risk is primarily attributable to its trade and other receivables. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of each financial asset in the statement of financial position after deducting any expected credit losses.

Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customers as well as pertaining to the economic environment in which the customers operate. Trade receivables are due within 0 to 30 days from the date of billing. Debtors with balances that are more than 3 months past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 8.

(b) Liquidity risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and committed available credit lines. The Company manages its liquidity risk by monitoring the total cash inflows and outflows expected on a monthly basis and monitoring compliance with lending covenants on an ongoing basis.

The following table details the remaining contractual maturities at the reporting date of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates, or if floating, based on rates current at the reporting date) and the earliest date the Group can be required to pay.

	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but Less than 5 years
Year ended 30 June 2021	\$	\$	\$	\$	\$
Trade and other payables	404,849	404,849	404,849	-	-
Credit card liabilities	60,935	60,935	60,935	-	-
Borrowings	324,690	324,690	79,043	245,647	-
	790,474	790,474	544,826	245,647	-
	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but Less than 5 years
Year ended 30 June 2020	\$	\$	\$	\$	\$
Trade and other payables	603,871	603,871	603,871	-	-
Credit card liabilities	60,614	60,614	60,614	-	-
Borrowings	279,813	279,813	200,770	79,043	-
	944,298	944,298	865,255	79,043	-

VIZSTONE PTY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

(c) Interest rate risk

The Company's interest rate risk arises primarily from interest bearing financial assets and financial liabilities. Financial instruments issued at variable rates and at fixed rates expose the Company to cash flow interest rate risk and fair value interest risk respectively. The Company's policy is to manage the borrowing structure to match the nature of funding needs and acknowledges that fair value exposure from the Group's fixed rate financial liability is a by-product of the Company's attempt to manage its cash flow volatility arising from interest rate changes. At reporting date, the interest rate profile of the carrying value of the Company's interest-bearing financial assets and liabilities are set out in the following tables:

Year ended 30 June 2021	Floating interest rate	Fixed interest rate	Total
	\$	\$	\$
Financial assets			
Cash and cash equivalents	42,667	-	42,667
Pledged bank deposits	-	200	200
	<u>42,667</u>	<u>200</u>	<u>42,867</u>
Financial liabilities			
Credit card liabilities	60,935	-	60,935
Borrowings	-	324,690	324,690
	<u>60,935</u>	<u>324,690</u>	<u>385,625</u>
Net exposure	<u>(18,268)</u>	<u>(324,490)</u>	<u>(342,758)</u>

Year ended 30 June 2020	Floating interest rate	Fixed interest rate	Total
	\$	\$	\$
Financial assets			
Cash and cash equivalents	55,548	-	55,548
Pledged bank deposits	-	10,200	10,200
	<u>55,548</u>	<u>10,200</u>	<u>65,748</u>
Financial liabilities			
Credit card liabilities	60,614	-	60,614
Borrowings	-	279,813	279,813
	<u>60,614</u>	<u>279,813</u>	<u>340,427</u>
Net exposure	<u>(5,066)</u>	<u>(269,613)</u>	<u>(274,679)</u>

The interest rates and terms of repayment of the Company's borrowings are disclosed in note 18 to the financial statements.

Cash flow sensitivity analysis for floating rate instruments

An increase of 100 basis points in interest rates at the reporting date would have increased net loss and accumulated losses by \$3,428 (2020: \$2,748). A decrease of 100 basis points in interest rates will have the same amount but opposite financial effect on net loss and accumulated losses.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the reporting date and had been applied to the exposure to interest rate risk for financial instruments in existence at that date. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting date based on historical market trend. The analysis is performed on the same basis for 2020. There would be no impact on equity.

VIZSTONE PTY LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

(e) Fair value estimation

All financial instruments are carried at amounts not materially different from their fair values as at 30 June 2021 and 2020.

The follow table details the Company's contractual maturities of its financial liabilities:

	Carrying Amount \$	Less than 1 year \$	Maturity 1 to 5 years \$
Year ended 30 June 2021			
Trade and other payables	404,849	404,849	-
Credit card liabilities	60,935	60,935	-
Loan - 101ic	79,043	79,043	-
Loan Activeport	245,647	-	245,647
	<u>790,474</u>	<u>544,826</u>	<u>245,647</u>
Year ended 30 June 2020			
Trade and other payables	603,871	603,871	-
Credit card liabilities	60,614	60,614	-
Loan – 101IC	79,043	-	79,043
Loan ActivePort	-	-	-
Loan - JMES	180,770	180,770	-
Loan - Jeslyn	20,000	20,000	-
	<u>944,298</u>	<u>865,255</u>	<u>79,043</u>

Sensitivity Analysis

Liquidity Risk

The Company has performed sensitivity analysis relating to its exposure liquidity risk at balance date and has determined that increases and decreases are not material to the Company.

Note 22. Income Tax

	2021 \$	2020 \$
(a) Numerical reconciliation between aggregate tax credit recognised in the income statement and tax expense calculated per the statutory income tax rate		
Loss before income tax expense	(198,633)	(58,018)
Income tax calculated at statutory tax rate of 26.0% (2020: 27.5%)	(51,645)	(15,955)
Permanent differences non-assessable/non-deductible	509	(27,047)
Impact of reduction in future tax rates	20,474	-
Tax losses and temporary differences not recognised	(30,663)	43,002
Aggregate income tax expense / (benefit)	<u>-</u>	<u>-</u>

The franking account balance at year end was \$Nil (2020: \$Nil)

(b) Unrecognised temporary differences

At 30 June 2021, there are no unrecognised temporary differences associated with the Company's investments in subsidiaries as the Company has no liability for additional taxation should unremitted earnings be remitted (2020: \$Nil).

VIZSTONE PTY LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

(c) Deferred tax assets and liabilities

At 30 June 2021, the Company has unused tax losses of \$47,793 (2020: \$201,875) available for offset against future taxable profits. Such losses may be carried forward indefinitely subject to meeting relevant statutory tests.

A net deferred tax asset of \$234,229 (2020: \$203,566) arises from temporary differences but has not been recognised due to the unpredictability of future profit streams. Deferred income tax at 30 June relates to the following:

	2021 \$	2020 \$
<i>(i) Deferred tax assets at 26% (2020: 27.5%)</i>		
Provisions and accruals	59,507	61,470
Trade and other receivables	9,097	-
Tax losses carried forward	165,626	169,046
Gross deferred tax assets	234,230	230,516
Deferred tax asset not recognised	(234,230)	(230,516)
	-	-

Deferred tax assets are only recognised to the extent that the recoupment is probable.

	2021 \$	2020 \$
<i>(ii) Deferred tax liabilities at 26% (2020: 27.5%)</i>		
Trade and other receivables	-	26,950
Gross deferred tax liabilities	-	26,950
Deferred tax liabilities not recognised	-	(26,950)
	-	-

Change in Corporate Tax rate

There has been a legislated change in the corporate tax rate that will apply to future income years. The impact of this reduction in the corporate tax rate has been reflected in the unrecognised deferred tax positions and the *prima facie* income tax reconciliation above.

Note 23. Events subsequent to reporting period

Subsequent to the financial year end, the Company entered into an agreement with ActivePort Group Ltd (“ActivePort”) to acquire all of the ordinary share capital of the Company by way of a share swap arrangement and to inject working capital into the Company. This resulted in 2,370 shares in the Company being exchanged for 15,625,000 shares in ActivePort Group Ltd. The agreement became unconditional on 27 September 2021 and the Company became a wholly-owned subsidiary of ActivePort on that date. ActivePort has received a conditional letter of approval for admission to the official list of the Australian Securities Exchange (“ASX”), with one of the conditions precedent being the submission of this audited financial report. It is anticipated that, ActivePort, the now parent company, will be admitted to the official list of the ASX shortly after the date of this report.

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

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

VIZSTONE PTY LTD

DIRECTORS' DECLARATION FOR THE YEAR ENDED 30 JUNE 2021

In accordance with a resolution of the directors of Vizstone Pty Ltd, I state that:

1. In the opinion of the directors:
 - a. the financial statements, notes and the Directors' Report:
 - (i) give a true and fair view of the Company's financial position as at 30 June 2021 and of its performance for the year ended on that date; and
 - (ii) comply with the Australian Accounting Standards (including the Australian Accounting Interpretations);
 - b. the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2(a); and
 - c. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors and is signed for and on behalf of the Directors by:



Kathryn Soares
Director
15 October 2021

Independent Auditor's Report to the Members of Vizstone Pty Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Vizstone Pty Ltd (the Company), which comprises the statement of financial position as at 30 June 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company:

- (i) gives a true and fair view of the Company's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- (ii) complies with Australian Accounting Standards and the needs of the members.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements and the ethical requirements of the Accounting Professional & 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.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021 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

Management is responsible for the preparation and fair presentation of the financial report and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the needs of the members. Management's responsibility also includes such internal control as they determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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.



Nexia Perth Audit Services Pty Ltd



M. Janse Van Nieuwenhuizen
Director

15 October 2021
Perth, Western Australia