APPENDIX 4E (RULE 4.3A)

PRELIMINARY FINANCIAL REPORT RESULTS FOR ANNOUNCEMENT TO THE MARKET

Results for announcement to the Market

for the year ended 30 June 2019

1 REPORTING PERIOD (item 1)

Report for the financial year ended:	30 June 2019
Previous corresponding period is the financial year ended:	30 June 2018

2 RESULTS FOR ANNOUNCEMENT TO THE MARKET

	Percentage %		Amount $
Decrease in revenues from ordinary activities (item 2.1)	(97.81)	to	5,453
Decrease in loss from ordinary activities after tax attributable to members (item 2.2)	55.84	to	(1,415,506)
Decrease in loss from after tax attributable to members (item 2.3)	55.84	to	(1,415,506)

a. Dividends (item 2.4)

	Amount per Security ¢	Franked amount per security %
Interim dividend	nil	n/a
Final dividend	nil	n/a
Record date for determining entitlements to the dividend (item 2.5)	n/a	

b. Brief explanation of any of the figures reported above necessary to enable the figures to be understood (item 2.6):

Refer to the Directors' Report in the attached Annual Report.

3 PRELIMINARY FINAL REPORT

a. Statement of comprehensive income (item 3):

Refer to Consolidated statement of profit or loss and other comprehensive income on page 12 of the attached Annual Report.

b. Statement of financial position (item 4):

Refer to Consolidated statement of financial position on page 13 of the attached Annual Report.

c. Statement of cash flows (item 5):

Refer to Consolidated statement of cash flows on page 15 of the attached Annual Report.

d. Statement of changes in equity (item 6):

Refer to Consolidated statement of changes in equity on page 14 of the attached Annual Report.

4 DIVIDENDS (item 7) **AND RETURNS TO SHAREHOLDERS INCLUDING DISTRIBUTIONS AND BUY BACKS** (item 14.2)

Nil.

a. Details of dividend or distribution reinvestment plans in operation are described below (item 8):

Not applicable

5 RATIOS

	Current period	Previous corresponding period
a. Financial Information relating to 5b and 5c:	$	$
Earnings for the period attributable to Owners of the parent	(1,415,506)	(3,205,463)
Net assets	1,769,215	3,192,171
Less: Intangible assets	-	-
Net tangible (liabilities)/assets	1,769,215	3,192,171
	No.	No.
Fully paid ordinary shares	1,789,390,870	1,789,390,870
Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	1,789,390,870	1,230,426,125
	¢	¢
b. Net tangible (liability)/assets backing per share (cents) (item 9):	0.001	0.18
c. Earnings per share attributable to owners of the parent (cents) (item 14.1):	(0.08)	(0.26)

The Group does not report diluted earnings per share, as dilution is not applied to annual losses generated by the Group. During the 2019, financial year the Group had 49,500,000 unissued shares under option which are anti-dilutive.

6 DETAILS OF ENTITIES OVER WHICH CONTROL HAS BEEN GAINED OR LOST DURING THE PERIOD: (item 10)

a. Control gained over entities

Name of entities (item 10.1)	N/A
Date(s) of gain of control (item 10.2)	N/A

b. Loss of control of entities

Name of entities (item 10.1)	Refer 6e below
Date(s) of gain of control (item 10.2)	Refer 6e below

c. Contribution to consolidated profit / (loss) from ordinary activities after tax by the controlled entities to the date(s) in the current period when control was gained / lost (item 10.3).	Refer to 6e below
d. Profit / (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period (item 10.3)	Refer to 6e below

e. During the year, Thred Limited disposed of its Sweep App business through the disposal of 80% of its holding in subsidiary AR Technologies Pty Ltd. Refer to notes 11 and 22 of the attached Annual Report.

7 DETAILS OF ASSOCIATES AND JOINT VENTURE: (item 11)

Name of entities (item 11.1)	Nil
Percentage holding in each of these entities (item 11.2)	n/a

	Current period $	Previous corresponding period $
Aggregate share of profits (losses) of these entities (item 11.3)	N/A	N/A

8	Any other significant information needed by an investor to make an informed assessment of the entity's financial performance and financial position (item 12): Refer to the Directors' Report in the attached Annual Report.
9	The financial information provided in the Appendix 4E is based on the Annual Report attached, which has been prepared in accordance with Australian Accounting Standards (item 13).
10	**A COMMENTARY ON THE RESULTS FOR THE PERIOD** (item 14) Refer to the Directors' Report in the attached Annual Report. The Group had revenue of $5,453 (2018: $249,000) for the period.
11	The report is based the on the enclosed audited Annual Report, page 44 of the attached Annual Report (item 15).

THRED LIMITED
ANNUAL REPORT
30 June 2019

Corporate Directory

Current Directors

David Wheeler	Non-executive Director and Chair
Sol Majteles	Non-executive Director
Joe Graziano	Non-executive Director

Company Secretary

Joe Graziano

Registered Office

Street:	c/o Blackwall Legal
	Level 26, 140 Saint Georges Terrace
	Perth WA 6000
Postal:	GPO Box 2704
	Perth WA 6001
Telephone:	+61 0411649551
Facsimile:	+61 (0)8 6169 2501
Email:	contact@thred.im
Website:	http://thred.im/

Share Registry

Advanced Share

Street:	110 Stirling Highway
	Nedlands WA 6009
Postal:	PO Box 1156
	Nedlands WA 6909
Telephone:	+61 (0)8 9389 8033
Facsimile:	+61 (0)8 9262 3723
Website:	www.advancedshare.com.au

Securities Exchange

Australian Securities Exchange
Level 40, Central Park, 152-158 St Georges Terrace
Perth WA 6000

Telephone:	131 ASX (131 279) (within Australia)
Telephone:	+61 (0)2 9338 0000
Facsimile:	+61 (0)2 9227 0885
Website:	www.asx.com.au
ASX Code	THD

Auditors

Bentleys
London House
Level 3, 216 St Georges Terrace
Perth WA 6000

Telephone:	+61 (0)8 9226 4500
Facsimile:	+61 (0)8 9226 4300
Website:	www.bentleys.com.au

Solicitors to the Company

Blackwall Legal
Level 26, 140 Saint Georges Terrace
Perth WA 6000

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Directors' report

Your Directors present their report on the consolidated entity, consisting of Thred Limited (**Thred** or **the Company**) and its controlled entities (collectively **the Group**), for the financial year ended 30 June 2019.

Thred is listed on the Australian Securities Exchange.

1. Directors

The names of Directors in office at any time during or since the end of the year are:

- Mr David Wheeler — Non-executive Chair
- Mr Hersh Solomon Majteles — Non-executive Director
- Mr Joe Graziano — Non-executive Director *(Appointed 1 August 2018)*
- Mr Rob James — Former Non-executive Director *(Resigned 1 August 2018)*

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated. For additional information of Directors including details of the qualifications of Directors please refer to paragraph 6 Information relating to the Directors of this Directors' Report.

2. Company Secretary

Mr Joe Graziano held the position of Company Secretary at the end of the financial year. Please refer to paragraph 6 Information relating to the Directors of this Directors' Report for further information on Mr Graziano.

3. Dividends paid or recommended

There were no dividends paid or recommended during the financial year ended 30 June 2019 (2018: Nil).

4. Significant changes in the state of affairs

There were no significant changes to the state of affairs of the Group.

5. Operating and financial review

5.1. Nature of Operations Principal Activities

The Directors of Thred continue to assess other potential asset development or acquisition opportunities.

5.2. Operations Review

During the year, Thred has completed the sale of its Sweep app business and is currently assessing other potential or acquisition opportunities.

On 28 November, Thred received, at its Annual General Meeting, approval from members to de-risk the Company's exposure to the ongoing development expenditure requirements of the Sweep business through its disposal to subsidiary AR Technologies Pty Ltd in a proposed 80% management buyout. Full details of the transaction may be found on the ASX in the Notice of Meeting dated 30 October 2018. On 1 February 2018, the Company announced the completion of the sale of the Sweep business, noting variation in the key terms of the sale following negotiations. The changes in key terms were approved by members at an Extraordinary General Meeting on 25 March 2019.

On 31 July 2018, the Company announced that it has established an Unmarketable Parcel sale facility (**Facility**) for holders of less than a marketable parcel. An "Unmarketable Parcel" is defined by the ASX Listing Rules as a shareholding with a market value of less than $500. The Board has resolved that Facility will apply to parcels of shares in the Company with a market value of less than $500 based on the closing price on the ASX of $0.003 on the record date of 27 July 2018. This represents 63,596,048 ordinary shares in the Company, held by 1,301 shareholders (representing approximately 3.5% of total issued capital).

5.3. Financial Review

a. Operating results

For the 2019 financial year the Group delivered a loss before tax of $1,415,506 (2018: $3,205,463 loss), representing an increase in profitability.

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

Directors' report

b. Financial position

The net assets of the Group as at 30 June 2019 were $1,769,215 (2018: $3,192,171).

As at 30 June 2019, the Group's cash and cash equivalents decreased from 30 June 2018 by $1,111,104 to $2,115,493 at 30 June 2019 (2018: $3,226,597).

5.4. Events Subsequent to Reporting Date

There are no other significant after balance date events that are not covered in this Directors' Report or within the financial statements at Note 24 Events subsequent to reporting date.

5.5. Future Developments, Prospects and Business Strategies

Likely developments, future prospects and business strategies of the operations of the Group and the expected results of those operations have not been included in this report as the Directors believe that the inclusion of such information would be likely to result in unreasonable prejudice to the Group.

5.6. Environmental Regulations

The Group's operations are not subject to significant environmental regulations in the jurisdictions it operates in, namely Australia.

The Directors have considered the enacted *National Greenhouse and Energy Reporting Act 2007* (**the NGER Act**) which introduced a single national reporting framework for the reporting and dissemination of information about the greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations. At the current stage of development, the Directors have determined that the NGER Act has no effect on the Company for the current, nor subsequent, financial year. The Directors will reassess this position as and when the need arises.

6. Information relating to the Directors

■ **Mr David Wheeler**	☐ Non-executive Chair
Qualifications	☐ Fellow AICD, Member Turnaround Management Australia
Experience	☐ Mr Wheeler has more than 30 years of Senior Executive Management, Corporate Advisory and Directorship experience. He is a foundation Director and Partner of Pathways Corporate a boutique Corporate Advisory firm that undertakes assignments on behalf of family offices, private clients, and ASX listed companies.
Special responsibilities	☐ Member and Chair of Remuneration & Nomination Committee
Interest in Shares and Options	☐ 25,000,000
Directorships held in other listed entities in the last 3 years	☐ Current: Ragnar Metals Limited, Eneabba Gas Limited, Protean Energy Limited, Avira Resources Limited and UltraCharge Limited. Former: Antilles Oil and Gas NL, Weststar Industrial Limited, Auscann Group Holdings Limited, Premiere Eastern Energy Limited, Ausmex Mining Group Limited, Castillo Copper Limited and 333D Limited.
■ **Mr Hersh Solomon Majteles**	☐ Non-executive Director
Qualifications	☐ Mr Majteles is a commercial lawyer and has been in private legal practice since 1972.
Experience	☐ He has over 35 years' experience in business, corporate, property and commercial law and practice. Since 1983 he has been a Director of a number of publicly listed companies involved in the mining and exploration for gold, base metals, coal, uranium, oil and gas and in the bio tech sector.
Special responsibilities	☐ Member and served for a period as Chair of the Remuneration & Nomination Committee.
Interest in Shares and Options	☐ 22,739,856 Ordinary Shares
Directorships held in other listed entities in the last 3 years	☐ Current: Scout Security Limited. Former: Metals Australia Limited.

Directors' report

- **Mr Joe Graziano**
  - Non-executive Director *(Appointed 1 August 2018)*
  - Qualifications: Bachelor of Commerce, Accounting & Economics
  - Experience: Mr Graziano is a Chartered Accountant with over 25 years' experience in corporate advisory and consulting to listed and unlisted companies in sectors including mining services, resources and exploration, and banking and finance.
  - Special responsibilities: Member of Remuneration & Nomination Committee
  - Interest in Shares and Options: 10,000,000 Ordinary Shares
  - Directorships held in other listed entities in the last 3 years: Current: Tyranna Resources Ltd, Kin Mining NL. Former: Lithex Resources Limited, Castillo Copper Limited, Oz Brewing Limited and Valor Resources Limited.

- **Mr Rob James**
  - Non-executive Director *(Resigned 1 August 2018)*
  - Qualifications: Master of Business (eBusiness & Communications)
  - Experience: Mr James has significant experience as a Chief Information and Digital leader across the public and commercial sectors with specific experience in IT, gaming, entertainment, telecommunications, retail and agricultural industries. He is currently the Chief Technology Officer of QANTAS Limited, and previously was Chief Information and Product Officer for William Hill Australia
  - Special responsibilities: Member of Remuneration & Nomination Committee
  - Interest in Shares and Options: Nil
  - Directorships held in other listed entities in the last 3 years: Nil

7. Meetings of Directors and Committees

During the financial year six meetings of Directors (including committees of Directors) were held. Attendances by each Director during the year are stated in the following table.

	DIRECTORS' MEETINGS		REMUNERATION AND NOMINATION COMMITTEE		FINANCE AND OPERATIONS COMMITTEE		AUDIT COMMITTEE	
	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended
David Wheeler	6	6	-	-				
Hersh Solomon Majteles	6	6	-	-				
Joe Graziano	5	4	-	-				
Rob James	-	-	Nil	N/a				

At the date of this report, the Audit, Nomination, and Finance and Operations Committees comprise the full Board of Directors. The Directors believe the Company is not currently of a size nor are its affairs of such complexity as to warrant the establishment of these separate committees. Accordingly, all matters capable of delegation to such committees are considered by the full Board of Directors.

Directors' report

8. Indemnifying officers or auditor

8.1. Indemnification

The Company has entered an Indemnity, Insurance and Access Deed with each Director. Pursuant to the Deed:

> *The Director is indemnified by the Company against any liability incurred in that capacity as an officer of the Company to the maximum extent permitted by law subject to certain exclusions.*

The Company must keep a complete set of Company documents until the later of:

a. The date which is seven years after the Director ceases to be an officer of the Company; and

b. The date after a final judgment or order has been made in relation to any hearing, conference, dispute, enquiry or investigation in which the Director is involved as a party, witness or otherwise because the Director is or was an officer of the Company (**Relevant Proceedings**).

The Director has the right to inspect and copy a Company document in connection with any relevant proceedings during the period referred to above.

Subject to the next sentence, the Company must maintain an insurance policy insuring the Director against liability as a director and officer of the Company while the Director is an officer of the Company and until the later of:

a. The date which is seven years after the Director ceases to be an officer of the Company; and

b. The date any Relevant Proceedings commenced before the date referred to above have been finally resolved.

The Company may cease to maintain the insurance policy if the Company reasonably determines that the type of coverage is no longer available.

The Company has not entered into any agreement with its current auditors indemnifying them against any claims by third parties arising from their report on the financial report.

8.2. Insurance premiums

During the year the Company paid insurance premiums to insure Directors and officers against certain liabilities arising out of their conduct while acting as an officer of the Group. In accordance with the policy, the amount of the premium cannot be disclosed.

9. Options

9.1. Unissued shares under option

At the date of this report, the un-issued ordinary shares of Thred Limited under option (listed and unlisted) are as follows:

Grant Date	Date of Expiry	Exercise Price	Number under Option
5 Dec 2016	27 Feb 2020	$0.05	20,000,000
2 May 2017	9 May 2020	$0.05	20,000,000
30 April 2017	9 May 2020	$0.02	9,500,000
		Total	**49,500,000**

No person entitled to exercise the option has or has any right by virtue of the option to participate in any share issue of any other body corporate.

9.2. Shares issued on exercise of options

No ordinary shares were issued by the Company as a result of the exercise of options during or since the end of the financial year.

Directors' report

10. Non-audit services

During the year, Bentleys, the Company's auditor, did not perform any services other than their statutory audit (2018: Nil). Details of remuneration paid to the auditor can be found within the financial statements at Note 5 Auditor's Remuneration.

In the event that non-audit services are provided by Bentleys, the Board has established certain procedures to ensure that the provision of non-audit services are compatible with, and do not compromise, the auditor independence requirements of the Corporations Act 2001. These procedures include:

- non-audit services will be subject to the corporate governance procedures adopted by the Company and will be reviewed by the Board to ensure they do not impact the integrity and objectivity of the auditor; and
- ensuring non-audit services do not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

11. Proceedings on behalf of company

No person has applied for leave of Court to bring proceedings on behalf of the Company or 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 any part of those proceedings.

The Company was not a party to any such proceedings during the year.

12. Auditor's independence declaration

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* (Cth) for the year ended 30 June 2019 has been received and can be found on page 11 of the annual report.

13. Remuneration report (audited)

The information in this remuneration report has been audited as required by s.308(3C) of the Corporations Act 2001.

13.1. Key management personnel (KMP)

KMP have authority and responsibility for planning, directing and controlling the activities of the Group. KMP comprise the Directors of the Company and key executive personnel:

- Mr David Wheeler — Non-executive Chair
- Mr Hersh Solomon Majteles — Non-executive Director
- Joe Graziano — Non-executive Director *(Appointed 1 August 2018)*
- Mr Rob James — Former Non-executive Director *(Resigned 1 August 2018)*

13.2. Principles used to determine the nature and amount of remuneration

The remuneration policy of the Company has been designed to ensure reward for performance is competitive and appropriate to the result delivered. The framework aligns executive reward with the creation of value for shareholders, and conforms to market best practice. The Board ensures that Director and executive reward satisfies the following key criteria for good reward government practices:

- Competitiveness and reasonableness;
- Acceptability to the shareholder;
- Performance;
- Transparency; and
- Capital management.

The remuneration policy has been tailored to increase the direct positive relationship between shareholders' investment objectives and Directors' and Executives' performance. Currently, this may be facilitated through the issue of options to Directors and Executives to encourage the alignment of personal and shareholder interests. The Company believes this policy will be effective in increasing shareholder wealth. The Board's policy for determining the nature and amount of remuneration for Board members and Senior Executive of the Company is as follows:

a. Executive Directors and other Senior Executives

The Company's remuneration policy for executive directors and senior management is designed to promote superior performance and long-term commitment to the Company. Executives receive a base remuneration which is market related, and may receive performance-based remuneration. The Board reviews Executive packages annually by reference to the Company's performance, executive performance, and comparable information from industry sectors and other listed companies in similar industries. Executives are also entitled to participate in employee share and option schemes. An Incentive Option Plan was approved by shareholders on 10 April 2017.

b. Non-Executive Directors

The Company's Constitution provides that Directors are entitled to be remunerated for their services as follows:

- ☐ The total aggregate fixed sum per annum to be paid to the Directors (excluding salaries of executive Directors) from time to time will not exceed the sum determined by the Shareholders in general meeting and the total aggregate fixed sum will be divided between the Directors as the Directors shall determine and, in default of agreement between them, then in equal shares.
- ☐ The Directors' remuneration accrues from day to day.
- ☐ The total aggregate fixed sum per annum which may be paid to non-executive Directors is $300,000. This amount cannot be increased without the approval of the Company's Shareholders.

The Directors are entitled to be paid reasonable travelling, accommodation and other expenses incurred by them respectively in or about the performance of their duties as Directors.

c. Fixed Remuneration

Other than statutory superannuation contribution, no retirement benefits are provided for Executive and Non-Executive Directors of the Company. To align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the company.

d. Performance Based Remuneration – Short-term and long-term incentive structure

The Board will review short-term and long-term incentive structures from time to time. Any incentive structure will be aligned with shareholders' interests

DIRECTORS' REPORT

13. Remuneration report (audited)

- Short-term incentives

  No short-term incentives in the form of cash bonuses were granted to Directors during the year.

- Long-term incentives

  The Board has a policy of granting incentive options to executives with exercise prices above market share price. As such, incentive options granted to executives will generally only be of benefit if the executives perform to the level whereby the value of the Group increases sufficiently to warrant exercising the incentive options granted.

  The executive Directors will be eligible to participate in any short term and long-term incentive arrangements operated or introduced by the Company (or any subsidiary) from time to time.

e. Service Contracts

Remuneration and other terms of employment for the Directors, KMP and the Company Secretary are formalised in contracts of employment or letters of engagement.

f. Engagement of Remuneration Consultants

During the financial year, the Company did not engage any remuneration consultants.

g. Relationship between Remuneration of KMP and Earnings

As the Group is in the early stages of development and commercialisation, the Board did not consider earnings during the current and previous financial years when determining the nature and amount of remuneration of KMP.

13.3. Directors and KMP remuneration

Details of the remuneration of the Directors and KMP of the Group (as defined in AASB 124 Related Party Disclosures) are set out in the following table.

2019 – Group *Group KMP*	Short-term benefits				Post-employment benefits	Long-term benefits	Termination benefits	Equity-settled share-based payments		Total
	Salary, fees and leave	Profit share and bonuses	Non-monetary	Other	Super-annuation	Other		Equity	Options	
	$	$	$	$	$	$	$	$	$	$
David Wheeler	93,000	-	-	-	-	-	-	-	-	93,000
Hersh Solomon Majteles	37,874	-	-	-	7,371	-	-	-	-	45,245
Joe Graziano	33,000	-	-	-	-	-	-	-	-	33,000
Rob James	3,000	-	-	-	-	-	-	-	-	3,000
	166,874	-	-	-	7,371	-	-	-	-	174,245

Directors' report

13. Remuneration report (audited)

2018 – Group *Group KMP*	Short-term benefits				Post-employment benefits	Long-term benefits	Termination benefits	Equity-settled share-based payments		Total
	Salary, fees and leave $	Profit share and bonuses $	Non-monetary $	Other $	Super-annuation $	Other $	$	Equity $	Options $	$
Davide Wheeler	60,323	-	-	-	-	-	-	-	-	60,323
Hersh Solomon Majteles	37,874	-	-	-	7,371	-	-	-	-	45,245
Christopher Adams	22,001	-	-	-	-	-	-	-	-	22,001
Geoff Marshall	228,540	-	-	-	20,287	-	60,000	-	-	308,827
Robyn Foyster	29,802	-	-	-	-	-	-	-	-	29,802
Graeme Fear	7,665	-	-	-	-	-	-	-	-	7,665
Christopher Adams	35,000	-	-	-	-	-	-	-	-	35,000
David Whittaker	66,902	-	-	-	6,356	-	-	-	-	73,258
	488,107	-	-	-	34,014	-	60,000	-	-	582,121

13.4. Service Agreements

a. Non-executive Director appointment letter with Mr David Wheeler

The Company entered into a letter agreement dated 29 August 2017 with Mr Wheeler in respect to appointment as Non-executive Director. His appointment as a Non-executive Director will terminate on the date he retires by rotation under the Company's Constitution but will continue for further terms if he is re-elected at future annual general meetings.

Mr Wheeler was elected Chair by the Board of Directors on 11 September 2017. In consideration for his services as a Chair and member of any Board committee, Mr Wheeler is paid a set a monthly fee inclusive of superannuation if applicable.

b. Non- executive Director appointment letter with Mr Hersh Solomon Majteles

The Company entered into a letter agreement dated 14 March 2016 with Mr Majteles in respect to appointment as Non-executive Director and Chair of the Company. Mr Majteles's stepped down as Chair on 18 July 2017 and his appointment as a Non-executive Director will terminate on the date he retires by rotation under the Company's Constitution but will continue for further terms if he is re-elected at future annual general meetings.

In consideration for his services as a Non-executive Director and member of any Board committee, Mr Maijteles is paid a set a monthly fee inclusive of superannuation if applicable.

c. Non-executive Director appointment letter with Mr Joe Graziano (appointed 1 August 2018)

The Company entered into a letter agreement dated 1 August 2018 with Mr Graziano in respect to appointment as Non-executive Director. His appointment as a Non-executive Director will terminate on the date he retires by rotation under the Company's Constitution but will continue for further terms if he is re-elected at future annual general meetings.

In consideration for his services as a Non-executive Director and member of any Board committee, Mr Graziano is paid a set a monthly fee inclusive of superannuation if applicable.

Directors' report

13. Remuneration report (audited)

d. Non-executive Director appointment letter with Mr Rob James (resigned 1 August 2018)

The Company entered into a letter agreement dated 12 December 2017 with Mr James in respect to appointment as Non-executive Director. His appointment as a Non-executive Director terminated on 1 August 2018.

In consideration for his services as a Non-executive Director and member of any Board committee, Mr James was paid a set monthly fee inclusive of superannuation if applicable.

13.5. Share-based compensation

No options were granted to the Directors during the year ended 30 June 2019 as part of their remuneration.

There were no equity instruments issued during the year to Directors as a result of options exercised that had previously been granted as compensation.

a. Securities received that are not performance-related

No members of KMP are entitled to receive securities that are not performance-based as part of their remuneration package.

b. Options a d rights granted as remuneration

No options or rights were granted as remuneration during the year ended 30 June 2019 (2018: Nil).

13.6. KMP equity holdings

a. Fully paid ordinary shares of Thred Limited held by each KMP

2019 – Group *Group KMP*	Balance at start of year No.	Received during the year as compensation No.	Received during the year on the exercise of options No.	Received during the year on conversion of performance shares No.	Other changes during the year No.	Balance at end of year No.
David Wheeler	-	-	-	-	25,000,000	25,000,000
Hersh Solomon Majteles[(1)]	12,739,856	-	-	-	10,000,000	22,739,856
Joe Graziano[(1)]	-	-	-	-	10,000,000	10,000,000
Rob James	-	-	-	-	-	-
	12,739,856	-	-	-	45,000,000	57,739,856

(1) Other changes represent the number of shares bought on-market during the period

Directors' report

13. Remuneration report (audited)

2018 – Group *Group KMP*	Balance at start of year No.	Held at the date of reverse acquisition No.	Received during the year as compensation No.	Received during the year on the exercise of options No.	Other changes during the year No.	Balance at end of year No.
David Wheeler	-	-	-	-	-	-
Hersh Solomon Majteles(1)	8,493,237	-	-	-	4,246,619	12,739,856
Rob James	-	-	-	-	-	-
Geoff Marshall(2)	1,558,961	-	-	-	(1,558,961)	-
Robyn Foyster	-	-	-	-	-	-
Graeme Fear(3)	790,000	-	-	-	(790,000)	-
Christopher Adam(3)	18,000,000	-	-	-	(18,000,000)	-
David Whitaker(4)	208,200,000	-	-	-	(208,200,000)	-
	237,042,198	-	-	-	(224,302,342)	12,739,856

(1) Other changes represent the number of shares acquired by Mr Matjeles taking up his full rights in the Company's Non-Renounceable Entitlement Offer dated 9 April 2018.

(2) Other changes represent the net effect of the of the 1,942,857 shares bought on-market during the period and the reversal of the number of shares held by Mr Marshall at date of his resignation, 15 March 2018.

(3) Other changes represent the number of shares held by Messrs Fear and Adams at date of their resignation, 30 August 2017.

(4) Other changes represent the number of shares held by Mr Whitaker at date of his resignation, 21 August 2017.

13.7. Other Equity-related KMP Transactions

There have been no other transactions involving equity instruments other than those described in the tables above relating to options, rights and shareholdings.

13.8. KMP Loans

As at 30 June 2019, the Group had no loans with KMP.

13.9. Other transactions with KMP and or their Related Parties

Refer to Note 18. Related party transactions.

END OF REMUNERATION REPORT

This Report of the Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of Directors made pursuant to s.298(2) of the *Corporations Act 2001* (Cth).

DAVID WHEELER
Chairman
Dated this Thursday, 29 August 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 Thred 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	**DOUG BELL CA**
Chartered Accountants	**Partner**

Dated at Perth this 29th day of August 2019

Consolidated statement of profit or loss and other comprehensive income

for the year ended 30 June 2019

	Note	2019 $	2018 $
Continuing operations			
Revenue	3	5,453	249,000
Other income	3	47,073	38,518
		52,526	**287,518**
Compliance costs		(107,760)	(76,924)
Development expenses		(109,455)	(209,559)
Employment costs	4	(219,482)	(599,209)
Finance costs		(361)	(175)
Information technology costs		(891)	-
Legal expenses		(78,869)	(88,802)
Professional fees		(244,409)	(511,931)
Net share-based payments (expensed) / lapsed	16	-	(214,200)
Travel and accommodation		-	(99,626)
Other expenses		(55,000)	(18,589)
Foreign exchange loss		-	(62)
Loss from continuing operations before tax		**(763,701)**	**(1,531,561)**
Income tax expense	6	-	-
Net loss from continuing operations for the year		(763,701)	(1,531,561)
Discontinued operations			
Loss from discontinued operations after tax	22	(651,805)	(1,673,902)
Loss for the year		(1,415,506)	(3,205,463)
Other comprehensive income, net of income tax			
■ Items that will not be reclassified subsequently to profit or loss		-	-
■ Items that may be reclassified subsequently to profit or loss			
□ Foreign currency movement		(7,450)	4,545
Other comprehensive income for the year, net of tax		(7,450)	4,545
Total comprehensive income attributable to members of the parent entity		(1,422,956)	(3,200,918)
Loss for the period attributable to:			
■ Non-controlling interest		-	-
■ Owners of the parent		(1,415,506)	(3,205,463)
Total comprehensive income attributable to:			
■ Non-controlling interest		-	-
■ Owners of the parent		(1,422,956)	(3,200,918)
Earnings per share from continuing operations:		¢	¢
Basic loss per share (cents per share)	7	(0.04)	(0.12)
Earnings per share for loss attributable to members of the parent entity:		¢	¢
Basic loss per share (cents per share)	7	(0.08)	(0.26)

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.

Consolidated statement of financial position
as at 30 June 2019

	Note	2019 $	2018 $
Current assets			
Cash and cash equivalents	8	2,115,493	3,226,597
Trade and other receivables	9	55,231	295,665
Other current assets	10	3,525	12,848
Total current assets		**2,174,249**	**3,535,110**
Total assets		**2,174,249**	**3,535,110**
Current liabilities			
Trade and other payables	12	405,034	329,901
Provisions	13	-	13,038
Total current liabilities		405,034	342,939
Total liabilities		**405,034**	**342,939**
Net assets		**1,769,215**	**3,192,171**
Equity			
Issued capital	14a	35,758,537	35,758,537
Reserves	15	764,505	771,955
Accumulated losses		(34,753,830)	(33,338,324)
Non-controlling interest		3	3
Total equity		**1,769,215**	**3,192,171**

The consolidated statement of financial position is to be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity
as at 30 June 2019

	Note	Issued Capital $	Performance Shares $	Option Reserve $	Foreign Currency Translation Reserve $	Accumulated Losses $	Non-controlling Interest (NCI) $	Total $
Balance at 1 July 2017		33,358,269	-	842,251	(65,751)	(30,132,861)	3	4,001,911
Loss for the year attributable owners of the parent		-	-	-	-	(3,205,463)	-	(3,205,463)
Other comprehensive income for the period attributable owners of the parent		-	-	-	(4,545)	-	-	(4,545)
Total comprehensive income for the year attributable owners of the parent		-	-	-	(4,545)	(3,205,463)	-	(3,210,008)
Transaction with owners, directly in equity								
Shares issued during the year	14a	2,588,105	-	-	-	-	-	2,588,105
Options issued during the year	14b	-	-	64,202	-	-	-	64,202
Options exercised during the year	14a,14b	64,202	-	(64,202)	-	-	-	-
Transaction costs	14a	(252,039)	-	-	-	-	-	(252,039)
Balance at 30 June 2018		35,758,537	-	842,251	(70,296)	(33,338,324)	3	3,192,171
Balance at 1 July 2018		35,758,537	-	842,251	(70,296)	(33,338,324)	3	3,192,171
Loss for the year attributable owners of the parent		-	-	-	-	(1,415,506)	-	(1,415,506)
Other comprehensive income for the year attributable owners of the parent		-	-	-	(7,450)	-	-	(7,450)
Total comprehensive income for the year attributable owners of the parent		-	-	-	(7,450)	(1,415,506)	-	(1,422,956)
Transaction with owners, directly in equity								
Shares issued during the year		-	-	-	-	-	-	-
Balance at 30 June 2019		35,758,537	-	842,251	(77,746)	(34,753,830)	3	1,769,215

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

Consolidated statement of cash flows
for the year ended 30 June 2019

	Note	2019 $	2018 $
Cash flows from operating activities			
Receipts from customers		217,392	50,600
Payments to suppliers and employees		(1,371,795)	(3,509,650)
Payments for research and development		(109,455)	(1,578,749)
Research and development grants received		-	1,587,865
Net cash used in operating activities	8d.i	(1,263,858)	(3,449,934)
Cash flows from investing activities			
Net cash inflow/ (outflow) from disposal of subsidiary		111,891	-
Payments for property, plant and equipment		(6,210)	-
Interest received		47,073	34,694
Net cash provided by investing activities		152,754	34,694
Cash flows from financing activities			
Proceeds from issue of shares		-	2,379,856
Payments for capital raising costs		-	(216,340)
Net cash provided by financing activities		-	2,163,516
Net (decrease) / increase in cash held		(1,111,104)	(1,251,724)
Cash and cash equivalents at the beginning of the year		3,226,597	4,478,321
Cash and cash equivalents at the end of the year	8b	2,115,493	3,226,597

The consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements

for the year ended 30 June 2019

Note 1 Statement of significant accounting policies

These are the consolidated financial statements and notes of Thred Limited (**Thred** or **the Company**) and controlled entities (collectively **the Group**). Thred is a company limited by shares, domiciled and incorporated in Australia.

The separate financial statements of Thred, as the parent entity, have not been presented with this financial report as permitted by the *Corporations Act 2001* (Cth).

The financial statements were authorised for issue on 29 August 2019 by the Directors of the Company.

a. Basis of preparation

The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity. Material accounting policies adopted in the preparation of these financial statements are presented below. They have been consistently applied unless otherwise stated.

i. Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board (**AAS Board**) and International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board (**IASB**), and the *Corporations Act 2001* (Cth).

Australian Accounting Standards (**AASBs**) set out accounting policies that the AAS Board has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with AASBs ensures that the financial statements and notes also comply with IFRS as issued by the IASB.

ii. Use of estimates and judgments

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Judgements made by management in the application of AASBs that have significant effect on the consolidated financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 1p.

iii. Comparative figures

Where required by AASBs comparative figures have been adjusted to conform with changes in presentation for the current financial year.

Where the Group retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

b. New and Amended Standards Adopted by the Group

i. AASB 15 *Revenue from Contracts with Customers*

The Group has elected to early adopt AASB 15 Revenue from Contracts with Customers as issued by the AAS Board from 1 January 2018 under the full retrospective approach. In accordance with the transition provisions in AASB 15 the new rules have been adopted retrospectively. There is no restatement of the comparatives as there was no revenue from contracts with customers in the prior period.

AASB 15 outlines a single comprehensive model of accounting for revenue arising from contracts with customers and replaces the revenue recognition requirements outlined in AASB 118 *Revenue* and AASB 111 *Construction Contracts*.

Notes to the consolidated financial statements

for the year ended 30 June 2019

Note 1 Statement of significant accounting policies

ii. AASB 9 Financial Instruments and associated Amending Standards (applicable for annual reporting period commencing 1 January 2018)

The Group has adopted AASB 9 during the period and there was no material transition impact on adoption. On adoption of AASB 9, the classification and measurement of financial assets was revised. Available-for-sale classification used in comparative periods ceased to exist under AASB 9 and a new classification of investment securities was introduced.

Financial assets are classified under AASB 9 into measurement classifications on the basis of two criteria:

- the business model within which the financial asset is managed; and

- the contractual cash flow characteristics of the financial asset.

Investments are classified as fair value through other comprehensive income ('FVTOCI') as they are equity instruments not held for trading.

AASB 9 replaces the provisions of AASB 139 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

iii. With the exception of the above, the Group has consistently applied the following accounting policies to all periods presented in the financial statements. The Group has considered the implications of new and amended Accounting Standards applicable for annual reporting periods beginning after 1 January 2018 but determined that their application to the financial statements is either not relevant or not material.

c. Principles of consolidation

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the Consolidated Group during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

i. Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

A list of controlled entities is contained in Note 12 of the financial statements.

ii. Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date control is lost. Subsequently it is accounted for as an equity-accounted investee or as FVTOCI financial assets under AASB 9 depending on the level of influence retained.

iii. Transactions eliminated on consolidation

All intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

d. Foreign currency transactions and balances

i. Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the legal parent entity's functional and presentation currency. The functional currency of the accounting parent (Thredit) Hong Kong dollars.

ii. Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the profit or loss except where deferred in equity as a qualifying cash flow or net investment hedge.

Notes to the consolidated financial statements

for the year ended 30 June 2019

Note 1 Statement of significant accounting policies

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the gain or loss is directly recognised in other comprehensive income, otherwise the exchange difference is recognised in the profit or loss.

iii. Group companies and foreign operations

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the profit or loss in the period in which the operation is disposed.

e. Taxation

i. Income tax

The income tax expense / (income) for the year comprises current income tax expense/(income) and deferred tax expense/(income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items recognised outside profit or loss.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Where the Group receives the Australian Government's Research and Development Tax Incentive, the Group accounts for the refundable tax offset under AASB 112. Funds are received as a rebate through the parent company's income tax return and disclosed as such in Note 6 Income Tax.

Notes to the consolidated financial statements

for the year ended 30 June 2019

Note 1 Statement of significant accounting policies

ii. Goods and Services Tax (**GST**)

Revenues, expenses, and assets are recognised net of the amount of 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 an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as a current asset or liability in the balance sheet.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

f. Fair Value

i. Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable AASB.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly unforced transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also considers a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

ii. Fair value hierarchy

AASB 13 *Fair Value Measurement* requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

iii. Valuation techniques

The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

Notes to the consolidated financial statements

for the year ended 30 June 2019

Note 1 Statement of significant accounting policies

- *Market approach:* valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- *Income approach:* valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- *Cost approach:* valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

g. Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets (see accounting policy 1e) 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.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income statement, unless the asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its fair value less costs to sell and value in use. 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 an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Impairment losses recognised in prior periods 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 and amortisation, if no impairment loss had been recognised.

h. Financial instruments

i. Initial recognition and measurement

A financial instrument is recognised if the Group becomes party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the Group's obligations specified on the contract expire or are discharged or cancelled.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

ii. Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity securities, trade and other receivables, cash and cash equivalents and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transactions costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Notes to the consolidated financial statements

for the year ended 30 June 2019

Note 1 Statement of significant accounting policies

iii. Classification and Subsequent Measurement

Financial assets are classified under AASB 9 into measurement classifications on the basis of two criteria:

- the business model within which the financial asset is managed; and
- the contractual cash flow characteristics of the financial asset.

(1) *Cash and cash equivalents*

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of nine months or less, and bank overdrafts. Bank overdrafts are shown within short-borrowings in current liabilities on the Statement of financial position.

(2) *Loans*

Loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period.

(3) *Trade and other receivables*

Receivables are usually settled within 60 days. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Collectability of trade and other receivables are reviewed on an ongoing basis. An impairment loss is recognised for debts which are known to be uncollectible. An impairment provision is raised for any doubtful amounts (see also Note 1h.vii).

(4) *Trade and other payables*

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid and stated at their amortised cost. The amounts are unsecured and are generally settled on 30-day terms.

(5) *Share capital*

Ordinary issued capital is recorded at the consideration received. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any related income tax benefit. Ordinary issued capital bears no special terms or conditions affecting income or capital entitlements of the shareholders.

(6) *Investments*

Investments are classified as FVTOCI as they are equity instruments not held for trading.

iv. Amortised cost

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

v. Fair value

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

vi. Effective interest method

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

vii. Impairment

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Notes to the consolidated financial statements
for the year ended 30 June 2019

Note 1 Statement of significant accounting policies

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Financial assets are tested for impairment on an individual basis.

All impairment losses are recognised in the income statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in the income statement.

viii. Derecognition

Financial assets are derecognised where the contractual rights to cash flow expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled, or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

ix. Finance income and expenses

Finance income comprises interest income on funds invested (including available-for-sale financial assets), gains on the disposal of available-for-sale financial assets and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Financial expenses comprise interest expense on borrowings calculated using the effective interest method, unwinding of discounts on provisions, changes in the fair value of financial assets at fair value through profit or loss and impairment losses recognised on financial assets. All borrowing costs are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in income in the period in which they are incurred.

Foreign currency gains and losses are reported on a net basis.

i. Share-based payment arrangements

For equity-settled share-based payment transactions, the Group measures the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably.

Where the Group cannot estimate reliably the fair value of the goods or services received, the Group measures the value of the goods or service, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted. Refer also note 1j.v Equity-settled compensation.

j. Employee benefits

i. Short-term benefits

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to the reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay at the reporting date including related on-costs, such as 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 Group as the benefits are taken by the employees.

ii. Other long-term benefits

The Group's obligation in respect of long-term employee benefits other than defined benefit plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the Reserve Bank of Australia's cash rate at the report date that have maturity dates approximating the terms of the Company's obligations. Any actuarial gains or losses are recognised in profit or loss in the period in which they arise.

iii. Retirement benefit obligations: Defined contribution superannuation funds

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions onto a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution superannuation funds are recognised as an expense in the income statement as incurred.

Notes to the consolidated financial statements

for the year ended 30 June 2019

Note 1 Statement of significant accounting policies

iv. Termination benefits

When applicable, the Group recognises a liability and expense for termination benefits at the earlier of: (a) the date when the Group can no longer withdraw the offer for termination benefits; and (b) when the Group recognises costs for restructuring pursuant to AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the costs include termination benefits. In either case, unless the number of employees affected is known, the obligation for termination benefits is measured on the basis of the number of employees expected to be affected. Termination benefits that are expected to be settled wholly before 12 months after the annual reporting period in which the benefits are recognised are measured at the (undiscounted) amounts expected to be paid. All other termination benefits are accounted for on the same basis as other long-term employee benefits.

v. Equity-settled compensation

The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using the Black-Scholes pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to market conditions not being met.

k. Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will results and that outflow can be reliably measured.

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, when appropriate, the risks specific to the liability.

l. Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to entities in the Group are classified as finance leases.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the Group will obtain ownership of the asset or over the term of the lease.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised in the income statement on a straight-line basis over the term of the lease.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

m. Revenue and other income

i. *Revenue from contracts with customers*

Revenue from contracts with customers The Group has early adopted AASB 15 Revenue from Contracts with Customers from 1 July 2017, resulting in a change to the Group's revenue recognition accounting policy. The core principal of AASB 15 is that 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.

ii. Interest revenue is recognised in accordance with Note 1h.ix Finance income and expenses.

iii. All revenue is stated net of the amount of GST (Note 1e.ii Goods and Services Tax (GST)).

n. Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' results are regularly reviewed by the Group's Managing Director to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Notes to the consolidated financial statements

for the year ended 30 June 2019

Note 1 Statement of significant accounting policies

o. Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policy. The considerations made in determining significant influence or joint control are like those necessary to determine control over subsidiaries.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associates since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interest in subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is an objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognises the loss within the "Share of profit of an associate" in the statement of profit and loss.

Upon significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investments and proceeds from disposal is recognised in profit or loss.

p. Critical Accounting Estimates and Judgments

Management discusses with the Board the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

i. Key Estimate – Taxation

Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of directors. These estimates consider both the financial performance and position of the company as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by tax authorities in relevant jurisdictions. Refer Note 6 Income Tax.

q. New Accounting Standards and Interpretations not yet mandatory or early adopted

A number of new standards, amendments to standards and interpretations issued by the AASB which are not yet mandatorily applicable to the Group have not been applied in preparing these financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

i. AASB 16: *Leases (applicable to annual reporting periods commencing on or after 1 January 2019).*

AASB 16 removes the classification of leases as either operating leases or finance leases for the lessee effectively treating all leases as finance leases. Short term leases (less than 12 months) and leases of a low value are exempt from the lease accounting requirements. Lessor accounting remains similar to current practice.

The Directors anticipate that the adoption of AASB 16 will not have a material impact on the Group's recognition of leases and disclosure as the Company do not have any operating lease currently.

Notes to the consolidated financial statements
for the year ended 30 June 2019

Note 2 Company details

The registered office of the Company is:

Street + Postal: Level 26
140 Saint Georges Terrace
Perth WA 6000
Telephone: +61 (0)8 6111 6279
Facsimile: +61 (0)8 6323 3351

Head Quarters:

Street: Ground Floor, 483 Riley Street
Surry Hills, NSW 2010

Note 3 Revenue and other income

		2019 $	2018 $
a. **Revenue**			
Sales revenue	3c	5,453	249,000
b. **Other Income**			
Interest		47,073	38,518

c. The performance obligation is the delivery of a working product to a customer. Revenue is recognised upon delivery of the working product. Revenue is measured at the fair value of the consideration received or receivable. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities. The amount of revenue is not considered to be reliably measurable until all material contingencies relating to the sale have been resolved.

Note 4 Profit before income tax

	2019 $	2018 $
The following significant revenue and expense items are relevant in explaining the financial performance:		
a. **Employment costs:**		
■ Directors fees	169,438	162,665
■ Superannuation expenses	7,371	118,005
■ Wages and salaries	-	318,539
■ PAYG withholding shortfall	42,673	-
	219,482	599,209

Note 5 Auditor's remuneration

	2019 $	2018 $
Remuneration of the auditor of the Thred Limited for:		
■ Auditing or reviewing the financial reports:		
☐ Bentleys	38,093	38,287

Notes to the consolidated financial statements

for the year ended 30 June 2019

Note 6 Income tax	Note	2019 $	2018 $
a. Income tax expense			
Current tax		-	-
Deferred tax		-	-
		-	-
Deferred income tax expense included in income tax expense comprises:			
■ Increase / (decrease) in deferred tax assets	6e	-	-
■ (Increase) / decrease in deferred tax liabilities		-	-
		-	-
b. Reconciliation of income tax expense to prima facie tax payable			
The prima facie tax benefit on loss from ordinary activities before income tax is reconciled to the income tax expense as follows:			
Prima facie tax on operating loss at 27.5% (2018: 27.5%)		(389,264)	(881,502)
Add / (Less) tax effect of:			
☐ Capital-raising costs deductible		-	(103,412)
☐ (Non-assessable)/Non-deductible share-based payments		-	58,905
☐ Non-deductible expenses		-	420,452
☐ Deferred tax asset not brought to account		389,264	505,557
Income tax expense / (benefit) attributable to operating loss		-	-
		%	%
c. The applicable weighted average effective tax rates attributable to operating loss are as follows		nil	nil
		$	$
d. Balance of franking account at year end of the legal parent		nil	nil
e. Deferred tax assets			
Tax losses		4,517,177	3,818,112
Provisions and accruals		36,676	28,631
Capital raising costs		275,995	275,995
		4,829,848	4,122,738
Set-off deferred tax liabilities		-	-
Net deferred tax assets		4,829,848	4,122,738
Less deferred tax assets not recognised		(4,829,848)	(4,122,738)
Net tax assets		-	-

Notes to the consolidated financial statements

for the year ended 30 June 2019

Note 6 Income tax (cont.)	Note	2019 $	2018 $
f. Tax losses and deductible temporary differences			
Unused tax losses and deductible temporary differences for which no deferred tax asset has been recognised, that may be utilised to offset tax liabilities.		16,426,097	13,884,044
		16,426,097	13,884,044

Potential deferred tax assets attributable to tax losses have not been brought to account at 30 June 2019 because the directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable at this point in time. These benefits will only be obtained if:

- the Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss to be realised;
- the company continues to comply with conditions for deductibility imposed by law; and
- no changes in tax legislation adversely affect the Group in realising the benefit from the deductions for the loss.

Note 7 Earnings per share (EPS)	Note	2019 $	2018 $
a. Reconciliation of earnings to profit or loss			
Loss from continuing operations		(763,701)	(1,531,561)
Loss from discontinued operations		(651,805)	(1,673,902)
Loss for the year		(1,415,506)	(3,205,463)
Less: loss attributable to non-controlling equity interest		-	-
Loss used in the calculation of basic and diluted EPS		(1,415,506)	(3,205,463)
		2019 No.	**2018 No.**
b. Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS		1,789,390,870	1,230,426,125
		2019 ¢	**2018 ¢**
c. Earnings per share from continuing operations			
Basic EPS (cents per share)	7e	(0.04)	(0.12)
d. Earnings per share from loss attributable to the parent entity			
Basic EPS (cents per share)	7e	(0.08)	(0.26)

e. At the end of the 2019 financial year, the Group has 49,500,000 unissued shares under options (2018: 49,500,000). The Group does not report diluted earnings per share on annual losses generated by the Group. During the 2019 financial year the Group's unissued shares under option and partly-paid shares were anti-dilutive.

Notes to the consolidated financial statements

for the year ended 30 June 2019

Note 8 Cash and cash equivalents

	2019 $	2018 $
a. Current		
Cash at bank	115,493	226,466
Cash on deposit	2,000,000	3,000,131
	2,115,493	3,226,597

b. Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

	2019 $	2018 $
■ Cash and cash equivalents	2,115,493	3,226,597
	2,115,493	3,226,597

c. The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 23 Financial risk management.

d. **Cash Flow Information**	2019 $	2018 $
i. Reconciliation of cash flow from operations to loss after income tax		
Loss after income tax	(1,415,506)	(3,205,463)
Non-cash flows in loss from ordinary activities:		
■ Interest revenue recognised as an investing activity	(47,073)	(34,693)
■ Gain on disposal of subsidiary	(129,531)	-
■ Net share-based payments expensed	-	214,200
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
■ Decrease/(increase) in receivables	211,939	(89,907)
■ (Increase)/decrease in prepayments and other assets	(9,687)	3,460
■ Increase/(decrease) in trade and other payables	135,177	(325,599)
■ Increase in provisions	(9,177)	(11,932)
Cash flow from operations	(1,263,858)	(3,449,934)

e. **Credit standby facilities**

The Group has no credit standby facilities.

f. **Non-cash investing and financing activities**

No non-cash shares or options have been issued in the 2019 financial year.

Notes to the consolidated financial statements
for the year ended 30 June 2019

Note 9 Trade and other receivables

	Note	2019 $	2018 $
a. Current			
Trade receivables	24b.i	6,000	223,300
Goods and Services Tax receivable		42,368	68,540
Other receivables		6,863	3,825
		55,231	295,665

b. Trade receivables are non-interest bearing and usually settled within the lower of terms of trade or 30 days.

c. The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities, as well as an ageing and impairment analysis, are disclosed in Note 23 Financial risk management.

Note 10 Other assets

	2019 $	2018 $
Current		
Prepayments	3,525	3,525
Rental bonds	-	9,323
	3,525	12,848

Note 11 Entities in the Group

a. Legal and accounting parent entity

Thred Limited is the ultimate and accounting parent of the Group (refer to Note 1a. ii).

	Country of Incorporation	Class of Shares	Percentage Owned and Controlled 2019	2018
i. Subsidiaries				
■ Thredit Limited	Australia	Ordinary	100.0	100.0
■ Thred Innovations	Hong Kong	Ordinary	80.0	80.0
ii. Associates				
■ AR Technologies Pty Ltd (12c)	Australia	Ordinary	18.9	100.0

b. Investments in subsidiaries are accounted for at cost.

c. On 19 October 2017 the Group incorporated Sweep App Pty Ltd and Agent Reality Pty Ltd. Both companies remained dormant for the year and on 29 June 2018 an application to strike-off the Companies was sent to the ASIC. This action remains in progress.

d. On 25 March 2019, AR Technologies Pty Ltd issued 80% of its shares to Project Savvy Pty Ltd as part of the Sweep Business sale transaction (refer to Note 22 for details on the transaction). The Company's interest in AR Technologies Pty Ltd has since been diluted to 18.9%. The Company has determined it has retained significant influence over the entity via its one seat on the board of directors in AR Technologies Pty Ltd.

Notes to the consolidated financial statements
for the year ended 30 June 2019

Note 11 Entities in the Group (continued)

e. Investment in associates are equity accounted. The financial information for AR Technologies Pty Ltd is set out below.

		2019 $
i.	**Financial position**	
	Current assets	70,561
	Non-current assets	695,805
	Current liabilities	(80,484)
	Non-current liabilities	(700,000)
	Net liabilities	(14,117)
	Group's share in %	18.9%
	Group's share in $	(2,668)
ii.	**Financial performance whilst an associate**	
	Loss for the period	(181,514)
	Other comprehensive income	-
	Total comprehensive income	(181,514)
	Group's share in %	18.9%
	Group's share in $	(34,306)

iii. Due to its net liabilities position, no value has been recognized on the investment on 25 March 2019. The share of loss in associate for the reporting year of $34,306 is not recognised as the value of investment is nil.

Note 12 Trade and other payables

	Note	2019 $	2018 $
a. **Current**			
Unsecured			
Trade payables	12b	271,666	134,677
Accruals		79,969	168,058
Employment related payables		9,628	27,166
Other payables		43,771	-
		405,034	329,901

b. Trade payables are non-interest bearing and usually settled within the lower of terms of trade or 30 days.

c. The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 23 Financial risk management.

Note 13 Provision

	2019 $	2018 $
a. **Current**		
Employee entitlements – annual leave	-	13,038
	-	13,038

Notes to the consolidated financial statements
for the year ended 30 June 2019

Note 14 Issued capital		2019 No.	2018 No.	2019 $	2018 $
Fully paid ordinary shares at no par value		1,789,390,870	1,789,390,870	35,758,537	35,758,537
a. **Ordinary shares**					
At the beginning of the period		1,789,390,870	1,149,614,660	35,758,537	33,358,269
Shares issued during the year:					
■ Share-settled marketing service		-	2,612,500	-	52,250
■ Mandate execution fee	16a.i(2)	-	30,000,000	-	150,000
■ Exercise of Incentive Options	14b	-	10,700,000	-	64,202
■ 2:1 Entitlement & Shortfall Offer		-	131,821,942	-	527,288
■ Underwritten Shortfall		-	464,641,768	-	1,858,567
Transaction costs relating to share issues		-	-	-	(252,039)
At reporting date		1,789,390,870	1,789,390,870	35,758,537	35,758,537
b. **Options**					
Options		49,500,000	49,500,000	842,251	842,251
At the beginning of the period		49,500,000	49,500,000	842,251	842,251
Movement in Options during the year:					
■ Incentive Option Plan - issue	16a.i(1)	-	10,700,000	-	64,202
■ Incentive Option Plan - exercise		-	(10,700,000)	-	(64,202)
At reporting date		49,500,000	49,500,000	842,251	842,251

c. **Capital Management**

The Directors' objectives when managing capital are to ensure that the Group can maintain a capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the availability of liquid funds in order to meet its short-term commitments.

The focus of the Group's capital risk management is the current working capital position against the requirements of the Group in respect to its operations, software developments programmes, and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

The working capital position of the Group were as follows:

	Note	2019 $	2018 $
Cash and cash equivalents	8	2,115,493	3,226,597
Trade and other receivables	9	55,231	295,665
Other current assets	10	3,525	12,848
Trade and other payables	12	(405,034)	(329,901)
Provisions	13	-	(13,038)
Working capital position		1,769,215	3,192,171

Notes to the consolidated financial statements
for the year ended 30 June 2019

Note 15 Reserve	Note	2019 $	2018 $
Foreign exchange reserve	15a	(77,746)	(70,296)
Option reserve	15b	842,251	842,251
		764,505	771,955

a. **Foreign exchange translation reserve**

The foreign exchange reserve records exchange differences arising on translation of foreign controlled subsidiaries.

b. **Option reserve**

The option reserve records items recognised as expenses on the value of directors and employee equity issues.

Note 16 Share based payment	Note	2019 $	2018 $
Share-based payment expense	16a.i(1) to (2)	-	214,200

a. **Share-based payment arrangements in effect during the period**

i. Share-based payments recognised in profit or loss

2018

(1) Incentive Option Plan options

On 29 March 2018, as part of the Company's Incentive Option Plan, the Company issued 10,700,000 Options, valued at $64,200, with terms summarised below :

Number under Option	Date of Expiry	Exercise Price	Vesting Terms
10,700,000	29 March 2023	$nil	Immediately upon issue

(2) Mandate shares

On 3 April 2018, the Company issued 30,000,000 Shares at $0.05 cents per share, valued at $150,000, to CPS Capital (or their nominees) on execution of their mandate for advisory services.

b. **Movement in share-based payment arrangements during the period**

A summary of the movements of all company options issued as share-based payments is as follows:

	2019		2018	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding at the beginning of the year	49,500,000	$0.0442	49,500,000	$0.0442
Granted (i)	-	-	10,700,000	$nil
Exercised (i)	-	-	(10,700,000)	$nil
Expired	-	-	-	-
Outstanding at year-end	49,500,000	$0.0442	49,500,000	$0.0442
Exercisable at year-end	49,500,000	$0.0442	49,500,000	$0.0442

i. On 29 March 2018 the Company 10,700,000 options with an exercise price of $nil and a 5-year expiry period were issued to employees of the Company pursuant to the terms of the Incentive Option Plan approved by shareholders on 10 April 2017. 100% of those options were exercised on 13 April 2018

ii. The weighted average remaining contractual life of options outstanding at year end was 0.77 years (2018: 1.77 years). The weighted average exercise price of outstanding shares at the end of the reporting period was $0.0442 (2018: $0.0442).

iii. The fair value of the options granted to employees is deemed to represent the value of the employee services received over the vesting period.

Notes to the consolidated financial statements
for the year ended 30 June 2019

Note 17 Key Management Personnel compensation (KMP)

The names and positions of KMP are as follows:

- Mr David Wheeler — Non-Executive Chair (Appointed 30 August 2017, Chair effective 11 September 2017)
- Mr Hersh Solomon Majteles — Non-executive Director
- Mr Joe Graziano — Non-executive Director (Appointed 1 August 2018)
- Mr Rob James — Non-executive Director (Appointed 12 December 2017, Resigned 1 August 2018)

Information regarding individual directors and executives' compensation and some equity instruments disclosures as required by the Corporations Regulations 2M.3.03 is provided in the Remuneration report table on page 6.

	2019 $	2018 $
Short-term employee benefits	166,874	488,107
Post-employment benefits	7,371	34,014
Share-based payments	-	-
Other long-term benefits	-	-
Termination benefits	-	60,000
Total	174,245	582,121

Note 18 Related party transactions

During the year ended 30 June 2019, AR Technologies Pty Ltd issued 80% of its shares to Project Savvy Pty Ltd, a company formed by the AR Technologies Pty Ltd's management team for the purpose of investing in the Sweep Business. See Notes 20 and 22 for further details of the transactions.

During the year ended 30 June 2018, there were related party transactions with Foyster Media of $100,799, which is no longer a related party for the reporting period.

The Group has no other related party transactions during the reporting period.

Note 19 Commitments

The Group has no material commitments as at 30 June 2019 (2018: nil).

Note 20 Contingent assets/ liabilities

a) Contingent assets

On 25 March 2019, the Company completed the sale of the Sweep Business including the Sweep's Intellectual properties such as trademarks, domain names and copyrights of the business to AR Technologies Pty Ltd (which was a wholly owned subsidiary prior to this transaction) for the following consideration:

- AR Technologies will pay the Company $700,000 (exclusive of GST) for the Sweep Business in quarterly payments;
- The quarterly payments will comprise payments equal to 10% of quarterly trading revenues of the Sweep Business which have been received during the quarter (if any), payable within 5 business days of the end of each quarter, commencing with the March 2019 quarter.

At the same time, AR Technologies Pty Ltd issued 80% of its shares to Project Savvy Pty Ltd, a company formed by the AR Technologies Pty Ltd's management team for the purpose of investing in the Sweep Business. Consequently, the Company no longer have control of AR Technologies Pty Ltd (see Note 22 for further details).

The consideration receivable is contingent on the trading revenues generated by AR Technologies Pty Ltd. Given that AR Technologies has not generated any trading revenue since the date of disposal, the inflow of the benefits is not virtually certain. Accordingly, the consideration receivable has not been recognised in the statement of financial position.

b) Contingent liabilities

There are no contingent liabilities as at 30 June 2019 (2018: Nil).

Notes to the consolidated financial statements

for the year ended 30 June 2019

Note 21 Operating segments

a. Identification of reportable segments

The Group operates predominantly in the software development industry.

The Group has identified its operating segments based on the internal reports that are provided to the Board of Directors **(the Board)** on a monthly basis and in determining the allocation of resources. Management has identified the operating segments based on the principal geographical locations and regulatory environments – the Hong Kong and Australia.

b. Basis of accounting for purposes of reporting by operating segments

i. Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board, being the chief decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

ii. Inter-segment transactions

All such transactions are eliminated on consolidation of the Group's financial statements.

Inter-segment loans payable and receivable are initially recognised at the consideration received/to be received net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied to the statutory financial statements.

iii. Segment assets

Where an asset is used across multiple segments, the asset is allocated to that segment that receives majority economic value from that asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

iv. Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

v. Unallocated items

The following items of revenue, expenses, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Depreciation and amortisation
- Gains or losses on sales of financial and non-financial assets
- Investment income
- Corporate transaction accounting expense

Notes to the consolidated financial statements
for the year ended 30 June 2019

Note 21 Operating segments (cont.)

For the Year to 30 June 2019	Hong Kong $	Australia $	Total $
Revenue and other income			
■ Revenue	-	5,453	5,453
■ Interest	-	186,175	186,175
Total segment revenue	-	191,628	191,628
Reconciliation of segment revenue to group revenue			
■ Intra-segment eliminations			(139,102)
Total group revenue and other income			52,526
Segment net loss from continuing operations before tax	(139,102)	(624,599)	(763,701)
Reconciliation of segment loss to group loss			
(i) Amounts not included in segment results but reviewed by Board:			
■ Discontinued operations			(651,805)
Loss before income tax			(1,415,506)
As at 30 June 2019			
Segment Assets	-	5,518,582	5,518,582
Reconciliation of segment assets to group assets			
■ Intra-segment eliminations			(3,344,333)
Total assets			2,174,249
Segment Liabilities	3,537,146	262,512	3,799,658
Reconciliation of segment liabilities to group liabilities			
■ Intra-segment eliminations			(3,394,624)
Total liabilities			405,034

Notes to the consolidated financial statements
for the year ended 30 June 2019

Note 21 Operating segments (cont.)

For the Year to 30 June 2018	Hong Kong $	Australia $	Total $
Revenue and other income			
■ Revenue	-	249,000	249,000
■ Interest	-	314,373	314,373
■ Licence fee	244,196	-	244,196
Total segment revenue	244,196	563,373	807,569
Reconciliation of segment revenue to group revenue			
■ Intra-segment eliminations			(520,051)
■ Revenue from discontinued operation			1,587,865
Total group revenue and other income			1,875,383
Segment net loss from continuing operations before tax	(36,469)	(1,495,706)	(1,532,175)
Reconciliation of segment loss to group loss			
(ii) Amounts not included in segment results but reviewed by Board:			
■ Foreign exchange loss		(62)	(62)
■ Loss from discontinued operations		(1,673,903)	(1,673,903)
■ Intra-segment eliminations			677
Loss before income tax			(3,205,463)
As at 30 June 2018			
Segment Assets	-	6,740,241	6,740,241
Reconciliation of segment assets to group assets			
■ Intra-segment eliminations			(3,205,131)
Total assets			3,535,110
Segment Liabilities	3,285,545	208,381	3,493,926
Reconciliation of segment liabilities to group liabilities			
■ Intra-segment eliminations			(3,150,987)
Total liabilities			342,939

Note 22 Discontinued operations

On 25 March 2019 following the approval by shareholders at a general meeting the Company completed the sale of the Sweep Business to its subsidiary AR Technologies Pty Ltd ("ARtech"), with ARtech at the same time issuing shares to Project Savvy Pty Ltd ("Project Savvy"), a company formed by the ARtech's management team (including former director Ms Robyn Foyster and former company secretary Mr Damon Sweeny) for the purpose of investing in the Sweep Business, to give Project Savvy an 80% holding in ARtech. As a result, the Company lost control in ARtech and constitutes a discontinued operation. As disclosed in note 20a) the consideration for the disposal was:

- ARtech will pay the Company $700,000 (exclusive of GST) for the Sweep Business in quarterly payments;
- The quarterly payments will comprise payments equal to 10% of quarterly trading revenues of the Sweep Business which have been received during the quarter (if any) payable within 5 business days of the end of each quarter, commencing with the March 2019 quarter.

Following the disposal, the Company retained a 20% holding in ARtech as disclosed in note 11. Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

The financial performance and cash flow presented are for the period ended 25 March 2019 (2019 column) and the year ended 30 June 2018.

	2019 $	2018 $
Gain on disposal of subsidiary	129,531	-
Other income	-	1,587,865
Research and development expenses	(663,673)	(854,034)
Employment costs	4,944	(1,365,492)
Finance costs	-	(1,259)
Information technology costs	(51,966)	(110,775)
Occupancy cost	(36,704)	(116,086)
Professional fees	-	(223,462)
Product and User Acquisition	-	(441,594)
Public relations, marketing and advertising	(15,528)	(115,571)
Travel and accommodation	(16,337)	(16,828)
Other expenses	(2,072)	(16,666)
Loss for the year from discontinued operations after income tax	(651,805)	(1,673,902)
Cash flows from discontinued operations		
Net cash flow from operating activities	(843,821)	(580,971)
Net cash flow from investing activities	(6,210)	-
Net cash flow from financing activities	-	-
Net cash outflows for the year	(850,031)	(580,971)

Note 22 Discontinued operations

The carrying amounts of assets and liabilities as at the date of sale (25 March 2019) were:

	2019 $
Assets	
Cash and cash equivalents	8,109
Trade and other receivables	28,495
Other current assets	19,010
Plant and equipment	6,210
Liabilities	
Trade and other payables	(67,495)
Provisions	(3,860)
Other liabilities	(120,000)
Net liabilities held for sale	(129,531)

The details of the sale of subsidiary's assets and liabilities as at the date of sale (25 March 2019) were:

	2019 $
Consideration received or receivable[(a)]	-
Carrying amount of net liabilities sold	(129,531)
Gain on disposal of subsidiary	(129,531)

(a) Refer note 20(a) for details of consideration reflected as a contingent asset.

Notes to the consolidated financial statements
for the year ended 30 June 2019

Note 23 Financial Risk Management

a. Financial Risk Management Policies

This note presents information about the Group's exposure to each of the above risks, its objectives, policies and procedures for measuring and managing risk, and the management of capital.

The Group's financial instruments consist mainly of deposits with banks, short-term investments, and accounts payable and receivable.

The Group does not speculate in the trading of derivative instruments.

A summary of the Group's Financial Assets and Liabilities is shown below:

	Floating Interest Rate $	Fixed Interest Rate $	Non-interest Bearing $	2019 Total $	Floating Interest Rate $	Fixed Interest Rate $	Non-interest Bearing $	2018 Total $
Financial Assets								
Cash and cash equivalents	115,493	2,000,000	-	2,115,493	226,466	3,000,131	-	3,226,597
Trade and other receivables	-	-	55,231	55,231	-	-	295,665	295,665
Total Financial Assets	115,493	2,000,000	55,231	2,170,724	226,466	3,000,131	295,665	3,522,262
Financial Liabilities								
Financial liabilities at amortised cost								
Trade and other payables	-	-	405,034	405,034	-	-	329,901	329,901
Total Financial Liabilities	-	-	405,034	405,034	-	-	329,901	329,901
Net Financial Assets/(Liabilities)	115,493	2,000,000	(349,803)	1,765,690	226,466	3,000,131	(34,236)	3,192,361

b. Specific Financial Risk Exposures and Management

The main risk the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate, foreign currency risk and equity price risk.

The Board of directors has overall responsibility for the establishment and oversight of the risk management framework. The Board adopts practices designed to identify significant areas of business risk and to effectively manage those risks in accordance with the Group's risk profile. This includes assessing, monitoring and managing risks for the Group and setting appropriate risk limits and controls. The Group is not of a size nor is its affairs of such complexity to justify the establishment of a formal system for risk management and associated controls. Instead, the Board approves all expenditure, is intimately acquainted with all operations and discuss all relevant issues at the Board meetings. The operational and other compliance risk management have also been assessed and found to be operating efficiently and effectively.

i. Credit risk

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

The Group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Group.

Notes to the consolidated financial statements

for the year ended 30 June 2019

Note 23 Financial risk management (cont.)

The objective of the Group is to minimise the risk of loss from credit risk. Although revenue from operations is minimal, the Group trades only with creditworthy third parties.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is insignificant. The Group's maximum credit risk exposure is limited to the carrying value of its financial assets as indicated on the statement of financial position.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

- *Credit risk exposures*

  The maximum exposure to credit risk is that to its alliance partners and that is limited to the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

  Credit risk related to balances with banks and other financial institutions is managed by the Group in accordance with approved Board policy. Such policy requires that surplus funds are only invested with financial institutions residing in Australia, where ever possible.

- *Impairment losses*

  The ageing of the Group's trade and other receivables at reporting date was as follows:

	Gross 2019 $	Impaired 2019 $	Net 2019 $	Past due but not impaired 2019 $
Trade receivables				
Not past due	6,000	-	6,000	-
Past due up to 1 month	-	-	-	-
Past due 1 month to 3 months	-	-	-	-
Past due over 3 months	-	-	-	-
	6,000	-	6,000	-
Other receivables				
Not past due	49,231	-	49,231	-
Total	55,231	-	55,231	-

ii. Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring sufficient cash and marketable securities are available to meet the current and future commitments of the Group.

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically, the Group ensures that it has sufficient cash to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Notes to the consolidated financial statements
for the year ended 30 June 2019

Note 23 Financial risk management (cont.)

The financial liabilities of the Group are confined to trade and other payables as disclosed in the statement of financial position. All trade and other payables are non-interest bearing and due within 30 days of the reporting date.

- *Contractual Maturities*

The following are the contractual maturities of financial liabilities of the Group:

	Within 1 Year		Greater Than 1 Year		Total	
	2019 $	2018 $	2019 $	2018 $	2019 $	2018 $
Financial liabilities due for payment						
Trade and other payables	405,034	329,901	-	-	405,034	329,901
Total contractual outflows	405,034	329,901	-	-	405,034	329,901
Financial assets						
Cash and cash equivalents	2,115,493	3,226,597	-	-	2,115,493	3,226,597
Trade and other receivables	55,231	295,665	-	-	55,231	295,665
Total anticipated inflows	2,170,724	3,522,262	-	-	2,170,724	3,522,262
Net inflow on financial instruments	1,765,690	3,192,361	-	-	1,765,690	3,192,361

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

iii. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Board meets on a regular basis and considers the Group's interest rate risk.

(1) ***Interest rate risk***

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is also exposed to earnings volatility on floating rate instruments.

Due to the low amount of debt exposed to floating interest rates, interest rate risk is not considered a high risk to the Group. Movement in interest rates on the Group's financial liabilities and assets is not material.

(2) ***Foreign exchange risk***

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group.

The Group has no material exposure to foreign exchange risk.

(3) ***Price risk***

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group does not presently hold material amounts subject to price risk. As such the Board considers price risk as a low risk to the Group.

Notes to the consolidated financial statements

for the year ended 30 June 2019

Note 23 Financial risk management (cont.)

iv. Sensitivity Analyses

The following table illustrates sensitivities to the Group's exposures to changes in interest rates. The table indicates the impact on how profit and equity values reported at balance sheet date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

(1) ***Interest rates***	Profit $	Equity $
Year ended 30 June 2019		
±50 basis points change in interest rates	± 10,574	± 10,574
Year ended 30 June 2018		
±50 basis points change in interest rates	± 1,132	± 1,132

(2) ***Foreign exchange***	Profit $	Equity $
Year ended 30 June 2019		
±10% of Australian dollar strengthening/weakening against the HKD	± nil	± 14,252
Year ended 30 June 2018		
±10% of Australian dollar strengthening/weakening against the HKD	± nil	± 13,456

v. Net Fair Values

(1) ***Fair value estimation***

The fair values of financial assets and financial liabilities are presented in the table in Note 23a and can be compared to their carrying values as presented in the statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Financial instruments whose carrying value is equivalent to fair value due to their nature include:

- Cash and cash equivalents;
- Trade and other receivables; and
- Trade and other payables.

The methods and assumptions used in determining the fair values of financial instruments are disclosed in the accounting policy notes specific to the asset or liability.

Note 24 Events subsequent to reporting date

There are no material events subsequent to reporting date.

Notes to the consolidated financial statements

for the year ended 30 June 2019

Note 25 Parent entity

	2019 $	2018 $
a. Financial Position of Thred Limited (legal parent)		
Current assets	2,174,250	3,535,108
Total assets	2,174,250	3,535,108
Current liabilities	262,514	208,380
Total liabilities	262,514	208,380
Net assets	1,911,737	3,326,728
Equity		
Issued capital	52,552,355	52,552,355
Options reserve	842,251	842,251
Accumulated losses	(51,482,869)	(50,067,878)
Total equity	1,911,737	(3,326,728)
b. Financial performance of Thred Limited		
Loss for the year	(1,414,991)	(3,169,609)
Other comprehensive income	-	-
Total comprehensive income	(1,414,991)	(3,169,609)

c. Guarantees entered into by Thred Limited for the debts of its subsidiaries

There are no guarantees entered into by Thred Limited for the debts of its subsidiaries as at 30 June 2019 (2018: none).

Directors' declaration

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 12 to 43, are in accordance with the *Corporations Act 2001* (Cth) and:

   (a) comply with Accounting Standards;

   (b) are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, as stated in Note 1 to the financial statements; and

   (c) give a true and fair view of the financial position as at 30 June 2019 and of the performance for the year ended on that date of the Group.

   (d) the Directors have been given the declarations required by s.295A of the *Corporations Act 2001* (Cth);

2. in the directors' opinion 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 Board of Directors and is signed for and on behalf of the directors by:

DAVID WHEELER
Chair
Dated this Thursday, 29 August 2019

Bentleys
THINKING AHEAD

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Independent Auditor's Report

To the Members of Thred Limited

Report on the Audit of the Financial Report

Opinion

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

In our opinion:

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

   (i) giving a true and fair view of the Consolidated Entity'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(a)(i).

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 Consolidated Entity 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.

Key Audit Matters

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

Key audit matter	How our audit addressed the key audit matter
Discontinued Operations As disclosed in note 22 to the financial statements, during the year following approval by shareholders at a general meeting, the Company completed the sale of its Sweep Business resulting in the Company losing control of AR Technologies Pty Ltd. As consideration the Company is entitled to $700,000 receivable in quarterly payments equal to 10% of quarterly trading revenues which have been received during the quarter (if any). Discontinued operations are a key audit matter due to the significant of the transaction to the Consolidated Entity's financial position and performance during the year.	Our procedures amongst others included: – evaluation of the terms and conditions with respect to the business sale and related agreements; – assessment of the likelihood of recovery of the consideration receivable based on recent trading revenue; – evaluation of the disposal date balances and assessing the gain on disposal; and – Assessing the adequacy of the disclosures in note 22 to the financial statements in accordance with the requirements of *AASB 5 Non-current Assets Held for Sale and Discontinued Operations.*

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Consolidated Entity'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(a)(i), 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 Consolidated Entity'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 Consolidated Entity 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 Consolidated Entity'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 Consolidated Entity'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 Consolidated Entity 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 Consolidated Entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Consolidated Entity 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.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2019. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of the Company, for the year ended 30 June 2019, complies with section 300A of the Corporations Act 2001.

BENTLEYS	**DOUG BELL CA**
Chartered Accountants	**Partner**

Dated at Perth this 29th day of August 2019

Corporate governance statement

The Board is responsible for establishing the Company's corporate governance framework. In establishing its corporate governance framework, the Board has referred to the 3rd edition of the ASX Corporate Governance Councils' Corporate Governance Principles and Recommendations.

The Corporate Governance Statement discloses the extent to which the Company follows the recommendations. The Company will follow each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices will follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. In compliance with the "if not, why not" reporting regime, where, after due consideration, the Company's corporate governance practices will not follow a recommendation, the Board has explained its reasons for not following the recommendation and disclosed what, if any, alternative practices the Company will adopt instead of those in the recommendation.

The Company's governance-related documents can be found on its website at **www.thred.im** under the section marked "*For Investors*" under the heading "Overview".

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
Principle 1: Lay solid foundations for management and oversight		
Recommendation 1.1 A listed entity should have and disclose a charter which: (a) sets out the respective roles and responsibilities of the board, the chair and management; and (b) includes a description of those matters expressly reserved to the board and those delegated to management.	YES	The Company has established the respective roles and responsibilities of its Board and management, and those matters expressly reserved to the Board and those delegated to management, and has documented this in its Board Charter. The responsibilities of the Board include but are not limited to: (a) setting and reviewing strategic direction and planning; (b) reviewing financial and operational performance; (c) identifying principal risks and reviewing risk management strategies; and (d) considering and reviewing significant capital investments and material transactions. In exercising its responsibilities, the Board recognises that there are many stakeholders in the operations of the Company, including employees, shareholders, co-ventures, the government and the community.
Recommendation 1.2 A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a director.	YES	The Board carefully considers the character, experience, education and skillset, as well as interests and associations of potential candidates for appointment to the Board and conducts appropriate checks to verify the suitability of the candidate, prior to their election. The Company has appropriate procedures in place to ensure that material information relevant to a decision to elect or re-elect a director, is disclosed in the notice of meeting provided to shareholders.
Recommendation 1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	YES	The Company has a written agreement with each of the Directors. The material terms of any employment, service or consultancy agreement the Company, or any of its child entities, has entered into with its Chief Executive Officer, any of its directors, and any other person or entity who is a related party of the Chief Executive Officer or any of its directors will be disclosed in accordance with ASX Listing Rule 3.16.4 (taking into consideration the exclusions from disclosure outlined in that rule).
Recommendation 1.4 The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	YES	The Company Secretary is accountable to the Board for facilitating the Company's corporate governance processes and the proper functioning of the Board. Each Director is entitled to access the advice and services of the Company Secretary. In accordance with the Company's Constitution, the appointment or removal of the Company Secretary is a matter for the Board as a whole. Details of the Company Secretary's experience and qualifications are set out in the Annual Report.

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
Recommendation 1.5 A listed entity should: (a) have a diversity policy which includes requirements for the board: (i) to set measurable objectives for achieving gender diversity; and (ii) to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary or it; and (c) disclose as at the end of each reporting period: (i) the measurable objectives for achieving gender diversity set by the board in accordance with the entity's diversity policy and its progress towards achieving them; and (ii) either: (A) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (B) the entity's "Gender Equality Indicators", as defined in the Workplace Gender Equality Act 2012.	NO (not followed in full)	The Company is committed to creating a diverse working environment and promoting a culture which embraces diversity and has adopted a written policy. Given the size of the Company and scale of its operations, however, the Board is of the view that the setting measurable objectives for achieving gender diversity is not required at this time. Further as the Company has not established measureable objectives for achieving gender diversity, the Company has not reported on progress towards achieving them.
Recommendation 1.6 A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	NO	Whilst the Company has a written policy, the Board recognises that as a result of the Company's size and the stage of the entity's life as a public listed technology company, the assessment of the directors' and executives' overall performance and its own succession plan is conducted on an informal basis. Whilst this is at variance with the ASX Recommendations, the Directors consider that at the date of this report an appropriate and adequate process for the evaluation of Directors is in place.
Recommendation 1.7 A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	NO	Refer above.
Principle 2: Structure the board to add value		
Recommendation 2.1 The board of a listed entity should: (a) have a nomination committee which: (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.	YES	A Nomination Committee operated during FY18. The Committee was comprised of 3 Independent Non-Executive Directors. The charter of the Committee is disclosed in the Corporate Governance Policies on the Company's website. The full board now perform the duties of the Committee. Attendance is reported in the annual report.
Recommendation 2.2 A listed entity should have and disclose a board skill matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	NO (not followed in full)	The details of the skill set of the current Board members are set out in the description of each Director in the Annual Report. The Board believes that the current skill mix is appropriate given the Company's size and the stage of the entity's life as a publicly listed technology company.

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
Recommendation 2.3 **A listed entity should disclose:** (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendation (3rd Edition), but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director	YES	Mr Sol Majteles has been an Independent Non-Executive Director of the Company since 18 January 2008 (apart from the period from April 2015 when Promesa engaged Lavan Legal (in which Mr Majteles is a salaried partner) to provide material professional services to the Company, with payment delayed until settlement of the RTO of Thredit in June 2016. Mr Joe Graziano has been an Independent Non-Executive Director of the Company since being appointed on 1 August 2018.
Recommendation 2.4 A majority of the board of a listed entity should be independent directors.	YES	The Board comprises three Directors of whom two are considered to be an Independent Director. The Board considers that all Directors bring an independent judgement to bear on Board decisions and that the Board's expertise and experience adds considerable value to the Company.
Recommendation 2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	YES	Mr David Wheeler (Chair) was an Independent Non-Executive Director of the Company from his appointment on 30 August 2017 until taking on a more executive role in May 2018. Mr Wheeler is considered to be the most appropriate person to Chair the Board because of his public company experience.
Recommendation 2.6 A listed entity should have a program for inducting new directors and providing appropriate professional development opportunities for continuing directors to develop and maintain the skills and knowledge needed to perform their role as a director effectively.	NO	The Board recognises that as a result of the Company's size and the stage of the entity's life as a publicly listed technology company, the Board has not put in place a formal program for inducting new directors. However, it does provide a package of background information on commencement and provides ready interaction with the Company's personnel to gain a stronger understanding of the business. Similarly, the Company does not at this stage provide professional development opportunities for Directors. More formal processes for both of these areas will be considered in the future as the Company develops.
Principle 3: Act ethically and responsibly		
Recommendation 3.1 A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	YES	The Company is committed to promoting good corporate conduct grounded by strong ethics and responsibility. The Company has established a Code of Conduct (Code), which addresses matters relevant to the Company's legal and ethical obligations to its stakeholders. It may be amended from time to time by the Board, and is disclosed on the Company's website. The Code applies to all Directors, employees, contractors and officers of the Company.
Principle 4: Safeguard integrity in financial reporting		
Recommendation 4.1 The board of a listed entity should: (a) have an audit committee which: (i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (ii) is chaired by an independent director, who is not the chair of the board, and disclose: (iii) the charter of the committee; (iv) the relevant qualifications and experience of the members of the committee; and (v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	YES	Thred was not a Company required by ASX Listing Rule 12.7 to have an Audit Committee although it is included in the ASX Recommendations. The Board has not established an audit committee at this point in the Company's development. It is considered that the size of the Board along with the level of activity of the Company renders this impractical and the full Board considers in detail all of the matters for which the directors are responsible. The Board has adopted an Audit Committee Charter which describes the role, composition, functions and responsibilities of the Audit Committee and is disclosed on the Company's website.

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
Recommendation 4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	YES	In accordance with ASX Recommendation 4.2 the Chief Executive Officer (or their equivalent) and Chief Financial Officer (or their equivalent) are required to provide assurances that the written declarations under s295A of the Corporations Act (and for the purposes of ASX Recommendation 4.2) are founded on a sound framework of risk management and internal control and that the framework is operating effectively in all material respects in relation to financial reporting risks. Both the Chief Executive Officer and Chief Financial Officer provide such assurances at the time the s295A declarations are provided to the Board.
Recommendation 4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	YES	The Company's external audit function is performed by Bentleys Audit and Corporate (Bentleys). Representatives of Bentleys will attend the Annual General Meeting and be available to answer shareholder questions regarding the audit.
Principle 5: Make timely and balanced disclosure		
Recommendation 5.1 A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	YES	The Company operates under the continuous disclosure requirements of the ASX Listing Rules and has adopted a policy, which is disclosed on the Company's website. The Continuous Disclosure Policy sets out policies and procedures for the Company's compliance with its continuous disclosure obligations under the ASX Listing Rules, and addresses financial markets communication, media contact and continuous disclosure issues. It forms part of the Company's corporate policies and procedures and is available to all staff. The Company Secretary manages the policy. The policy will develop over time as best practice and regulations change and the Company Secretary will be responsible for communicating any amendments.
Principle 6: Respect the rights of security holders		
Recommendation 6.1 A listed entity should provide information about itself and its governance to investors via its website.	YES	The Company keeps investors informed of its corporate governance, financial performance and prospects via its website – www.thred.im. Investors can access copies of all announcements to the ASX, notices of meetings, annual reports and financial statement, and investor presentations via the 'For Investors' section and can access general information regarding the Company and the structure of its business in its 'Overview' section.
Recommendation 6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	YES	The Board aims to ensure that shareholders are informed of all major developments affecting the Company's state of affairs. In accordance with the ASX Recommendations, information is communicated to shareholders as follows: • the annual financial report which includes relevant information about the operations of the Company during the year, changes in the state of affairs of the entity and details of future developments, in addition to the other disclosures required by the Corporations Act 2001; • the half yearly financial report lodged with the ASX and ASIC and sent to all shareholders who request it; • notifications relating to any proposed major changes in the Company which may impact on share ownership rights that are submitted to a vote of shareholders; • notices of all meetings of shareholders; • publicly released documents including full text of notices of meetings and explanatory material made available on the Company's website at www.thred.im; and • disclosure of the Corporate Governance practices and communications strategy on the entity's website. While the Company aims to provide sufficient information to Shareholders about the Company and its activities, it understands that Shareholders may have specific questions and require additional information. To ensure that Shareholders can obtain all relevant information to assist them in exercising their rights as Shareholders, the Company has made available a telephone number and relevant contact for Shareholders to make their enquiries.

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
Recommendation 6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	YES	The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Company's strategy and goals. Important issues are presented to the shareholders as single resolutions. The external auditor of the Company is also invited to the Annual General Meeting of shareholders and is available to answer any questions concerning the conduct, preparation and content of the auditor's report. Pursuant to section 249K of the Corporations Act 2001 the external auditor is provided with a copy of the notice of meeting and related communications received by shareholders.
Recommendation 6.4 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	YES	The Company provides its investors the option to receive communications from and send communications to, the Company and the share registry electronically.
Principle 7: Recognise and manage risk		
Recommendation 7.1 The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the process it employs for overseeing the entity's risk management framework.	YES	Due to the size of the Board, the Company does not have a separate Risk Committee. The Board is responsible for the oversight of the Company's risk management and control framework. The Board has adopted a Risk Management Policy, which is disclosed on the Company's website.
Recommendation 7.2 The board or a committee of the board should: (a) review the entity's risk management framework with management at least annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the entity faces and to ensure that they remain within the risk appetite set by the board; and (b) disclose in relation to each reporting period, whether such a review has taken place.	YES	The Board recognises that there are inherent risks associated with the Company's operations including commercial, technological legal and other operational risks. The Board endeavours to mitigate such risks by continually reviewing the activities of the Company in order to identify key business and operational risks and ensuring that they are appropriately assessed and managed. No formal report in relation to the Company's management of its material business risks is presented to the Board. The Board reviews the risk profile of the Company and monitors risk informally throughout the year.
Recommendation 7.3 A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	YES	The Company does not have an internal audit function. This is the case due to the size of the Company and the stage of life of the entity. To evaluate and continually improve the effectiveness of the Company's risk management and internal control processes, the Board relies on ongoing reporting and discussion of the management of material business risks as outlined in the Company's Risk Management Policy.

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
Recommendation 7.4 A listed entity should disclose whether, and if so how, it has regard to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	YES	As already outlined above in relation to various ASX Recommendations, the Company constantly monitors and reviews the key risks that affect the Company and the management of those risks. The risks which the Company has identified that it has a material exposure to are its ability to raise funds within an acceptable time frame and on terms acceptable to it ("Capital Risk"); and that its existing projects, or any other projects that it may acquire in the future, will be able to be economically exploited ("Economic Risk"). The manner in which the Company manages those risks, in the case of Capital Risk, to monitor the market and investment appetite and to raise further required capital in a timely manner such that the Company's operations are adequately funded; in the case of Economic Risk, to adopt a diversified portfolio approach and to also adopt a focused approach, seeking to lay off risk where possible. More information about the Company's management of risk can be found in the prospectus released 12 December 2016.
Principle 8: Remunerate fairly and responsibly		
Recommendation 8.1 The board of a listed entity should: (a) have a remuneration committee which: (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	YES	A Nomination Committee operated during FY18. The Committee was comprised of 3 Independent Non-Executive Directors. The charter of the Committee is disclosed in the Corporate Governance Policies on the Company's website. The full board now perform the duties of the Committee. Attendance is reported in the annual report.
Recommendation 8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives and ensure that the different roles and responsibilities of non-executive directors compared to executive directors and other senior executives are reflected in the level and composition of their remuneration.	YES	Details of the Company's policies on remuneration are set out in the Company's "Remuneration Report" in each Annual Report published by the Company. This disclosure will include a summary of the Company's policies regarding the deferral of performance-based remuneration and the reduction, cancellation or clawback of the performance-based remuneration in the event of serious misconduct or a material misstatement in the Company's financial statements.
Recommendation 8.3 A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	N/A	The Company's Security Trading Policy includes a statement prohibiting directors, officers and employees from dealing at any time in financial products such as warrants, futures or other financial products issued over THD markets, but does not specifically prohibit entering into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of their security holding in the Company or of participating in unvested entitlements under any equity based remuneration schemes. <u>Security Trading Policy</u> In accordance with ASX Listing Rule 12.9, the Company has adopted a trading policy which sets out the following information: a) closed periods in which directors, employees and contractors of the Company must not deal in the Company's securities; b) trading in the Company's securities which is not subject to the Company's trading policy; and c) the procedures for obtaining written clearance for trading in exceptional circumstances. The Company's Security Trading Policy is available on the Company's website.

Additional Information for Listed Public Companies

The following additional information is required by the Australian Securities Exchange in respect of listed public companies.

1 Capital

a. Ordinary share capital

1,789,390,870 ordinary fully paid shares held by 1,080 shareholders.

b. Unlisted Options over Unissued Shares

- 10,000,000 Unlisted Options with a $0.05 exercise price per Option, expiring 27 February 2020.
- 9,500,000 Unlisted Options with a $0.02 exercise price per Option, expiring 9 May 2020.
- 20,000,000 Unlisted Options with a $0.05 exercise price per Option, expiring 9 May 2020.

c. Voting Rights

The voting rights attached to each class of equity security are as follows:

- **Ordinary shares:** Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.
- **Unlisted Options:** Options do not entitle the holders to vote in respect of that equity instrument, nor participate in dividends, when declared, until such time as the options are exercised or performance shares convert and subsequently registered as ordinary shares.

d. Substantial Shareholders as at 22 August 2019.

Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
Mr Jason Peterson	169,000,000	9.44%

e. Distribution of Shareholders as at 22 August 2019.

Category (size of holding)	Total Holders	Number Ordinary	% Held of Issued Ordinary Capital
1 – 1,000	35	8,375	0.00%
1,001 – 5,000	11	31,399	0.00%
5,001 – 10,000	13	89,266	0.01%
10,001 – 100,000	199	10,933,784	0.61%
100,001 – and over	822	1,778,328,046	99.38%
	1,080	**1,789,390,870**	**100.00**

f. Unmarketable Parcels as at 22 August 2019

As at 22 August 2019 there were 1,080 fully paid ordinary shareholders holding less than a marketable parcel of shares.

g. On-Market Buy-Back

There is no current on-market buy-back.

h. Restricted Securities

The Company has following restricted securities:

- 10,000,000 fully paid ordinary shares restricted.

Additional Information for Listed Public Companies

i. 20 Largest Shareholders — Ordinary Shares as at as at 22 August 2019

Rank	Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1.	Sunset Capital Management Pty Ltd <Sunset Superfund A/C>	169,000,000	9.44
2.	Mr Gavin Jeremy Dunhill	87,000,000	4.86
3.	Mr Nathan Ryan Wagner	79,813,001	4.46
4.	Mr Ananda Kathiravelu	68,403,383	3.82
5.	Jdk Nominees Pty Ltd <Kenny Capital A/C>	50,500,000	2.82
6.	Jamber Investments Pty Ltd <The Amber Schwarz Fam A/C>	50,000,000	2.79
7.	Carrisa Pty Ltd <Sam Minniti Family A/C>	33,477,767	1.87
8.	Mr Kobi Ben Shabath	30,583,334	1.71
9.	Mr Jonathon Barry Miller	28,710,516	1.6
10.	Sarodan Pty Ltd <Sarodan Family A/C>	22,621,936	1.26
11.	Global Megacorp Pty Ltd	22,254,470	1.24
12.	Gotha Street Capital Pty Ltd <Blue Sky No 2 A/C>	22,000,000	1.23
13.	Mr Michael Horgan Cerbara	21,210,000	1.19
14.	Rimoyne Pty Ltd	20,379,186	1.14
15.	Sandton Capital Pty Ltd	19,000,000	1.06
16.	Monarch Asset Management P/L <Price Super>	18,000,000	1.01
17.	Cowoso Capital Pty Ltd <The Cowoso Super Fund A/C>	16,750,000	0.94
18.	Mr Robert Lee Cunningham	15,000,000	0.84
19.	Pathways Capital Pty Ltd <Wheeler Super Fund A/C>	15,000,000	0.84
20.	Mr John Ceccon + Ms Maria Lynn Mclean <Mccm Super Fund A/C>	15,000,000	0.84
	TOTAL	**804,703,596**	**44.97**

2 The Company Secretary is Joe Graziano

3 **Principal registered office**

As disclosed in Note 2 Company details on page 26 of this Annual Report.

4 **Registers of securities**

As disclosed in the Corporate Directory on page i of this Annual Report.

5 **Stock exchange listing**

Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the Australian Securities Exchange Limited, As disclosed in the Corporate Directory on page i of this Annual Report.

6 **Use of funds**

The Company has used its funds in accordance with its initial business objectives.