

iCetana Pty Ltd and Its Controlled Entities

ABN 90 140 449 725

Financial Report for the year ended 30 June 2019

iCetana Pty Ltd
Corporate directory
30 June 2019

Directors	Rohan J McDougall Matthew Macfarlane Geoffrey T Pritchard James H Williams Mark S Potts
Company secretary	Shane L Cranswick
Principal Place of Business	Suite 4, 1 st Floor 6 Centro Avenue Subiaco Western Australia 6008
Registered Office	Suite 4, 1 st Floor 6 Centro Avenue Subiaco Western Australia 6008
Auditor	Butler Settineri (Audit) Pty Ltd Unit 16, 1 st Floor 100 Railway Road Subiaco Western Australia 6008
Website	www.icetana.com

iCetana Pty Ltd
Financial report
30 June 2019

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iCetana Pty Ltd
Directors' report
30 June 2019

Your Directors present their report with respect to results of iCetana Pty Ltd (the "Company" or "iCetana") and its consolidated subsidiaries (together, "The Consolidated Entity") for the year ended 30 June 2019 and the state of affairs for the Group at that date. In order to comply with the provisions of the *Corporations Act 2001*, the Directors' report follows:

DIRECTORS

The following persons were Directors of iCetana during the whole of the financial year and up to the date of this report (unless otherwise stated):

Rohan McDougall
(Non-Executive Chairman)

Rohan has been the Director of Commercialisation at Curtin University since 2008. He has more than 20 years of experience in commercialisation of new technologies including being integrally involved in the establishment and operation of numerous technology-based companies. He has played a lead role in negotiation and completion of countless technology-based agreements and partnerships with companies in Australia and internationally. He has worked in both a commercial start-up environment and in institutional technology transfer roles. Before Curtin he worked for a listed biotechnology company as the Chief Operating Officer and in commercialisation of technology out of the University of New South Wales as a General Manager, Life Sciences at Unisearch Ltd.

Qualifications include a Bachelor of Science degree and an MBA from the AGSM. He is also a graduate of the Australian Institute of Company Directors. He is currently a director of Renergi Pty Ltd. Other activities include co-founding a number of innovation community events including Univation and WestTech Fest.

Matthew Macfarlane
(Managing Director and Chief Executive Officer)

Matthew Macfarlane was the founding CEO of the Company and returned to the role in September 2018. Mr Macfarlane is a Chartered Accountant and Graduate of the Australian Institute of Company Directors. Mr Macfarlane is a successful entrepreneur, angel and venture capital investor and worked for over 10 years doing international cross-border mergers and acquisitions.

He co-founded software start-up Vibe Capital (Minti) which raised over \$2.6m from early stage investors; and also co-founded the \$40m venture capital firm Yuuwa Capital in 2009. He has taken on acting-CEO roles at iCetana and Australian Export Grains Innovation Centre (AEGIC) in the past 4 years during CEO absences. In 2018 he was recognised by the West Australian IT and Telecoms Association (WAITTA) as the Pearcey Entrepreneur of the Year.

He focuses on team alignment and strong execution to drive company performance. He is Chair of Spacecubed Ventures Pty Ltd and Director of PetRescue and Australian Export Grains Innovation Centre (AEGIC).

Geoffrey Pritchard
(Executive Director)

Geoff Pritchard is an experienced Chairman, Executive Director and Chief Executive actively engaged across Governance, Strategy Consulting, Corporate Advisory, Venture Capital and Private Equity to the Superannuation, Family Office, Financial Services and Technology Sectors.

Mr Pritchard co-founded and is Chairman of Go Capital Pty Ltd a Private Equity and Venture Capital business with a focus on the technology sector and a significant investor in iCetana Pty Ltd, Board Member Methodist Ladies College Foundation and Chairman of the Investment Committee, Board Member of Victory Life Centre and Co-Chapter Chair of the Young President's Organisation, Oceana Chapter and a Board Member of the Young President's Organisation Regional Board as well as Chair of the Young President's Technology Network in Australia and New Zealand.

Mr Pritchard was previously CEO of the Western Pacific Financial Group and led the business into its ASX exit in 2007. Mr Pritchard has held an Executive Director role with iCetana since April 2017 with a specific focus on corporate advisory and the global sales initiative.

Mr Pritchard is a Chartered Accountant, holds an MBA from Melbourne Business School and is a Graduate of the Australian Institute of Company Directors.

Mark Potts

(Non-Executive Director; appointed 20 July 2018)

Mark Potts has 30-plus years' experience in senior executive and board positions, in start-ups and large corporates. Most recently Mr Potts was the worldwide CTO and VP for Corporate Strategy at Hewlett Packard Enterprise. Prior to Hewlett Packard, Mr Potts was the founder of several successful venture backed start-ups that have driven technology disruption and business innovation in varied industries. Mr Potts was the non-executive chairman of Decimal Software Limited (ASX: DSX) (appointed 2016 and resigned 24 December 2018) and board adviser to Advara (appointed 2014) and Modis Australia (appointed 2010).

Mr Potts is currently a non-executive director of Resolute Mining Ltd (ASX: RSG).

James Williams

(Non-Executive Director; resigned 1 October 2019)

James is a co-founder and Investment Director of Yuuwa Capital LP, a venture capital firm based in Western Australia and substantial shareholder of iCetana. Prior to Yuuwa Capital, he was Managing Director of two medical device companies, ASX-listed Resonance Health Ltd and Argus Biomedical Pty Ltd, both of which secured regulatory approvals under his leadership. He conceived, co-founded and is a former CTO and Director of iCeutica, Inc., a clinical stage nano drug delivery company. iCeutica was acquired by Philadelphia-based Iroko Pharmaceuticals in 2011. Iroko received FDA approval for the first three iCeutica formulations between 2013 and 2015. He is also a Director of Linear Clinical Research Ltd, a specialist early phase clinical trial unit, a member of the "Panel of Experts" for the University of Western Australia's Pathfinder Fund and a member of the Australian Federal Government's Entrepreneur Program Committee and a Director of Yuuwa investee company PolyActiva Pty Ltd

James is Non-Executive Chairman of ASX-listed Dimerix Ltd (ASX:DXB) and a Non-Executive Director of ASX-listed Adalta Limited (ASX:1AD).

Christopher Farquhar

(Managing Director and Chief Executive Officer; resigned 31 August 2018)

COMPANY SECRETARY

Shane Cranswick

Shane Cranswick is an accomplished finance executive with over 15 years' experience in senior management roles in predominantly listed companies both in Australia and overseas. Mr Cranswick has gained a Bachelor of Commerce degree from UWA then commenced his career with an international Chartered Accounting firm. He is a member of the Institute of Chartered Accountants, the Financial Services Institute of Australasia, the Australian Institute of Company Directors and the Governance Institute of Australia.

DIRECTORS' MEETINGS

The numbers of meetings of the Company's Board of Directors held during the year ended 30 June 2019, and the numbers of meetings attended by each director were:

Director	Number of meetings attended	Number of meetings held
Rohan McDougall	10	10
Matthew Macfarlane	10	10
Geoffrey Pritchard	10	10
Mark Potts	10	10
James Williams	10	10
Christopher Farquhar	1	1

DIRECTORS' INTEREST IN SHARES AND OPTIONS

As at the date of this report, the interest of the Directors in the shares and options of the Company are:

Name	Ordinary Shares	Series A Pref Shares	Series B Pref Shares	Series C Pref Shares	Options
Rohan McDougall ¹	-	-	-	-	-
Matthew Macfarlane	-	-	-	20,000	-
Geoffrey Pritchard ²	-	-	-	-	-
Mark Potts	-	-	-	-	60,000
James Williams ³	-	-	-	-	-

¹ Mr McDougall is the representative of Curtin University on the Board of the Company. Curtin University holds 500,000 Ordinary Shares, 300,000 Series A Preference Shares and 309,000 Series B Preference Shares in the Company.

² Mr Pritchard is a director of Go Capital Tech Fund 2 Pty Ltd and a representative of Go Capital on the Board of the Company. Go Capital Tech Fund 2 Pty Ltd holds 763,537 Series C Preference Shares in the Company.

³ Mr Williams is the representative of Yuuwa Capital LP on the Board of the Company. Yuuwa Capital LP holds 1,200,000 Series A Preference Shares, 581,950 Series B Preference Shares and 366,131 Series C Preference Shares in the Company.

DIVIDENDS

No dividends have been paid by the Company or declared by the Directors since the commencement of the financial year ended 30 June 2019.

CORPORATE INFORMATION

The Company was incorporated on 9 November 2009 and domiciled in Australia. The registered office and principal place of business is located at Suite 4, 6 Centro Avenue, Subiaco, Western Australia.

Principal activity and Review of Operations

The principal activity of the Company is the development and sale of an AI assisted video surveillance software using technology based on machine learning to provide automatic real time anomalous event detection.

For the year ended 30 June 2019, the Company has recognised a loss of \$3,517,580 (2018: \$6,845,395 loss).

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

In the opinion of the Directors, there were no significant changes in the state of affairs of the Company that occurred during the year.

SHARE OPTIONS

Unissued shares

There were 301,808 options granted during the year ended 30 June 2019, of which 67,052 had vested as at 30 June 2019.

Shares issued on the exercise of options

Nil options were exercised during the financial year to acquire fully paid ordinary shares in the Company.

INDEMNIFICATION OF DIRECTORS AND OFFICERS

During the year the Company paid for Directors' & Officers' insurance in the normal course of business.

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Butler Settinieri, as part of the terms of its audit engagement against third party claims arising from the audit.

AUDITOR INDEPENDENCE

The Directors have obtained an independence declaration from the Company's auditors, Butler Settinieri, as presented on page 8 of this financial report.

NON-AUDIT SERVICES

The following non-audit services were provided by the entity's auditor, Butler Settinieri. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence imposed by the *Corporations Act 2001*.

Butler Settinieri was paid \$1,650 (2018: \$2,350) during the year for the provision of non-audit services.

Signed for and on behalf of the Directors in accordance with a resolution of the Board.



Matthew Macfarlane

Chief Executive Officer and Managing Director

Perth, Western Australia
7th November 2019



AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of iCetana Pty Ltd and its controlled entities for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

- a) No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b) No contraventions of any applicable code of professional conduct in relation to the audit.

BUTLER SETTINERI (AUDIT) PTY LTD

MARIUS VAN DER MERWE CA
Director

Perth
Date: 7 November 2019

iCetana Pty Ltd
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2019

	Note	2019 \$	2018 \$
Revenue			
Sales revenue	3	1,407,405	1,328,691
		<u>1,407,405</u>	<u>1,328,691</u>
Other income			
Grant income		-	72,159
Interest income		6,171	24,699
Other income		602,061	-
		<u>608,232</u>	<u>96,858</u>
Operating expenses			
Accountancy & audit fees	25	128,803	64,279
Advertising and marketing		187,320	554,119
Consultancy fees		1,004,509	1,482,370
Depreciation & amortisation expense	12	55,076	51,364
Employment costs		3,774,093	4,988,711
Forex exchange gains / (losses)		(131,957)	(72,808)
Other expenses	4	1,442,375	2,167,630
		<u>6,460,219</u>	<u>9,235,665</u>
Loss before income tax expense		(4,444,582)	(7,810,116)
Income tax benefit / (expense)	5	1,061,396	1,012,609
Net loss after income tax expense for the year		(3,383,186)	(6,797,507)
Other comprehensive income for the year, net of tax			
Foreign currency translation adjustments		(134,394)	(47,888)
Total comprehensive loss		<u>(3,517,580)</u>	<u>(6,845,395)</u>
Net loss after income tax expense attributable to:			
Equity holders of iCetana Pty Ltd		(3,306,935)	(6,617,102)
Non-controlling interests		(76,251)	(180,405)
		<u>(3,383,186)</u>	<u>(6,797,507)</u>
Total comprehensive loss attributable to:			
Equity holders of iCetana Pty Ltd		(3,436,310)	(6,658,320)
Non-controlling interests		(81,270)	(187,075)
		<u>(3,517,580)</u>	<u>(6,845,395)</u>

The consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes to these financial statements

iCetana Pty Ltd
Consolidated statement of financial position
As at 30 June 2019

	Note	2019 \$	2018 \$
Assets			
Current assets			
Cash and cash equivalents	6	333,356	3,275,964
Trade and other receivables	7	550,201	680,537
Prepayments	8	151,915	125,298
Stock on hand	9	25,624	28,632
Other current assets	10	-	11,475
Income tax refundable	5	1,061,396	1,012,609
Total current assets		<u>2,122,492</u>	<u>5,134,515</u>
Non-current assets			
Intangibles assets	11	23,012	31,400
Property, plant and equipment	12	150,509	180,553
Total non-current assets		<u>173,521</u>	<u>211,953</u>
Total assets		<u>2,296,013</u>	<u>5,346,468</u>
Liabilities			
Current liabilities			
Trade and other payables	13	1,622,895	1,222,408
Provisions	14	203,690	187,052
Total current liabilities		<u>1,826,585</u>	<u>1,409,460</u>
Total liabilities		<u>1,826,585</u>	<u>1,409,460</u>
Net assets		<u>469,428</u>	<u>3,937,008</u>
Equity			
Issued capital	15	13,767,127	13,717,127
Foreign currency translation reserves	16	(135,833)	(6,457)
Non-controlling interest	17	(341,992)	(260,723)
Accumulated losses	18	(12,819,874)	(9,512,939)
Total equity		<u>469,428</u>	<u>3,937,008</u>

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

iCetana Pty Ltd
Consolidated statement of changes in equity
As at 30 June 2019

	Issued capital	Accumulated losses	Foreign currency translation reserve	Total equity attributable to Parent non-controlling	Minority Interest	Total Equity attributable to parent
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2017	10,429,209	(2,895,837)	34,761	7,568,133	(73,648)	7,494,485
Net loss for the year	-	(6,617,102)	-	(6,617,102)	(180,405)	(6,797,507)
Other comprehensive income	-	-	(41,218)	(41,218)	(6,670)	(47,888)
Share capital issued	3,287,918	-	-	3,287,918	-	3,287,918
Balance at 30 June 2018	13,717,127	(9,512,939)	(6,457)	4,197,731	(260,723)	3,937,008
Net loss for the year	-	(3,306,935)	-	(3,306,935)	(76,251)	(3,383,186)
Other comprehensive income	-	-	(129,376)	(129,376)	(5,018)	(134,394)
Share capital issued	50,000	-	-	50,000	-	50,000
Balance at 30 June 2019	13,767,127	(12,819,874)	(135,833)	811,420	(341,992)	469,428

The consolidated statement of changes in equity should be read in conjunction with the accompanying notes to these financial statements

iCetana Pty Ltd
Consolidated statement of cash flows
30 June 2019

	Note	2019 \$	2018 \$
Cash flows from operating activities			
Receipts from customers		2,139,802	835,623
Payments to suppliers and employees		(6,000,152)	(8,189,229)
Receipts from government grants		-	72,159
Interest received		6,171	24,699
Taxation		1,012,609	547,122
Net cash used in operating activities	22(b)	<u>(2,841,570)</u>	<u>(6,709,626)</u>
Cash flows from investing activities			
Payments for plant and equipment		(16,644)	(92,562)
Payments for intangibles		-	-
Net cash used in investing activities		<u>(16,644)</u>	<u>(92,562)</u>
Cash flows from financing activities			
Proceeds from share issue		50,000	3,287,918
Net cash from financing activities		<u>50,000</u>	<u>3,287,918</u>
Net (decrease) / increase in cash and cash equivalents		(2,808,214)	(3,514,270)
Cash and cash equivalents at the beginning of the financial year		3,275,964	6,838,122
		<u>(134,394)</u>	<u>(47,888)</u>
Exchange rate movements		(134,394)	(47,888)
Cash and cash equivalents at the end of the financial year	22(a)	<u><u>333,356</u></u>	<u><u>3,275,964</u></u>

The consolidated statement of cash flows should be read in conjunction with the accompanying notes to these financial statements

iCetana Pty Ltd
Notes to the financial statements
30 June 2019

Note 1. Significant accounting policies

The principal accounting policies adopted in preparing the financial report of the Company, iCetana Pty Ltd and its controlled entities ("iCetana Pty Ltd" or "Consolidated Entity"), are stated to assist in a general understanding of the financial report. These policies have been consistently applied to all the years presented, unless otherwise indicated.

iCetana Pty Ltd is a Company limited by shares incorporated and domiciled in Australia. The financial statements are presented in Australian dollars which is the Consolidated Entity's functional currency.

Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards (including Australian Interpretations) adopted by the Australian Accounting Standards Board and the Corporations Act 2001.

The Consolidated Entity is a for-profit entity for the purpose of preparing the financial statements.

The financial report has been prepared on the basis of historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets.

The financial report was authorised for issue by the Directors.

Going Concern

The Consolidated Entity has incurred a loss after tax of \$3,383,186 for the year ended 30 June 2019 (2018: \$6,797,507). The loss for the 2019 year is attributable to the expansion of the business into geographic markets and continuing technology development. The Consolidated Entity is dependent on further capital raising and/or improved trading conditions after year end in order to continue to operate as a going concern.

Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. 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. None of the balances reported have been derived from estimates.

Basis of consolidation

Controlled Entity

The consolidated financial statements comprise the financial statements of iCetana Pty Ltd ('company' or 'parent entity') and its subsidiaries as at 30 June each year.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full. The subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity and ceases to be consolidated from the date on which control is transferred out of the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Note 1. Significant accounting policies (continued)

Foreign currency translation

The financial statements are presented in Australian dollars, which is The Consolidated Entity's functional and presentation currency.

Foreign currency transactions

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

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rate at the date of the transaction, for the year. All resulting foreign exchange differences are recognised through the foreign currency reserve in equity.

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

Revenue recognition

Revenue consists of sales of goods, interest and sundry income. Revenue is recognised when it is probable that the economic benefit will flow to the Consolidated Entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received.

Revenue from contracts with customers

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

Interest income

Interest revenue is recognised on an accrual basis.

Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted.

The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred asset or liability is recognised in relation to those temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Note 1. Significant accounting policies (continued)

Income tax (continued)

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Current and future tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of twelve months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Other receivables are recognised at amortised cost, less any provision for impairment.

Inventories

Finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

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

Plant and equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

The carrying value of plant and equipment is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount.

Depreciation

Depreciable non-current assets are depreciated over their expected economic life using either the straight line or the diminishing value method. Profits and losses on disposal of non-current assets are taken into account in determining the operating loss for the year. The depreciation rate used for each class of assets is as follows:

- Plant & equipment 25 - 40%

Intangible assets

Patents and trademarks

Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

Note 1. Significant accounting policies (continued)

Intangible assets (continued)

Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

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

Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Consolidated Entity becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

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

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories:

- Amortised cost
- Fair value through profit or loss (FVTPL)
- Fair value through other comprehensive income (FVOCI)

The Consolidated Entity does not have any financial assets categorised as FVOCI and FVTPL.

Classifications are determined by both:

- The entities business model for managing the financial asset
- The contractual cash flow characteristics of the financial assets

Subsequent measurement financial assets

Financial assets at amortised cost

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

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

Note 1. Significant accounting policies (continued)

Financial assets at amortised cost (continued)

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

Impairment of Financial assets

AASB 9's impairment requirements use more forward looking information to recognise expected credit losses - the 'expected credit losses (ECL) model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

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

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

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2')

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

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

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

Trade and other receivables and contract assets

The Consolidated Entity makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses.

In using this practical expedient, the Consolidated Entity uses its historical experience to calculate the expected credit losses.

Classification and measurement of financial liabilities

As the accounting for financial liabilities remains largely unchanged from AASB 139, the Group's financial liabilities were not impacted by the adoption of AASB 9.

The Group's financial liabilities include trade and other payables. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

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

Note 1. Significant accounting policies (continued)

Financial instruments (continued)

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted.

The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Employee benefits

Provision is made for the Consolidated Entity's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits have been measured at the amounts expected to be paid when the liability is settled.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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

Trade payables

These amounts represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Provisions

Provisions are recognised when the Consolidated Entity has a present (legal or constructive) obligation as a result of a past event, it is probable the Consolidated Entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Contributed equity

Issued capital is recognised as the fair value of the consideration received by the Consolidated Entity. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Note 1. Significant accounting policies (continued)

Leases (continued)

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight-line basis over the term of the lease.

Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework, to identify and analyse the risks faced by the Consolidated Entity. These risks include credit risk, liquidity risk and market risk from the use of financial instruments.

New or amended Accounting Standards and Interpretations adopted

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

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

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

AASB 9 Financial Instruments

The consolidated entity has adopted AASB 9 from 1 July 2018. The standard introduced new classification and measurement models for financial assets.

A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value.

All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI').

Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch.

For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch).

New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted.

For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

Note 1. Significant accounting policies (continued)

New or amended Accounting Standards and Interpretations adopted (continued)

AASB 15 Revenue from Contracts with Customers

The consolidated entity has adopted AASB 15 from 1 July 2018. The standard provides a single comprehensive model for revenue recognition.

The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue.

Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

Note 2. Critical accounting judgements, estimates and assumptions

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

Estimation of useful lives of assets

The Consolidated Entity determines the estimated useful lives and related depreciation and amortisation charges for its property and plant and equipment. The useful lives could change significantly as a result of technical innovations or some other event.

The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Income tax

The Consolidated Entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Consolidated Entity recognises liabilities for anticipated tax audit issues based on The Consolidated Entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

New accounting standards and interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2019. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below:

Note 2. Critical accounting judgements, estimates and assumptions (continued)

New accounting standards and interpretations not yet mandatory or early adopted

Standard Name	Effective date for entity	Requirements	Impact
AASB 16 Leases	1 July 2019	AASB 16 will cause the majority of leases of an entity to be brought onto the statement of financial position. There are limited exceptions relating to short-term leases and low value assets which may remain off-balance sheet. The calculation of the lease liability will take into account appropriate discount rates, assumptions about lease term and increases in lease payments. A corresponding right to use asset will be recognised which will be amortised over the term of the lease. Rent expense will no longer be shown, the profit and loss impact of the leases will be through amortisation and interest charges.	The Consolidated Entity has an operating lease on office space that expires 31 March 2023. The lease will be recognised as a finance lease. Interest and amortisation expense will increase and rental expense will decrease
2017-4: Uncertainty over Income Tax Treatments	1 July 2019	Addresses how to reflect uncertainty for accounting for income taxes under AASB 112.	We anticipate that the impact will be minimal. Any impacts may be identified as further analysis of the standard is undertaken.
2017-6: Prepayment Features with Negative Compensation	1 July 2019	A narrow exception to AASB 9 for financial assets that contain prepayment features with negative compensation.	We anticipate that the impact will be minimal. Any impacts may be identified as further analysis of the standard is undertaken.
2018-1: Annual Improvements 2015-2017 Cycle	1 July 2019	Clarifies minor issues in a number of accounting standards, identified during annual improvements projects	We anticipate that the impact will be minimal. Any impacts may be identified as further analysis of the standard is undertaken.
2018-6: Definition of a Business (Amendments to AASB 3)	1 July 2020	To clarify whether a transaction should be accounted for as a business combination or as an asset acquisition	We anticipate that the impact will be minimal.
2018-7: Definition of Material (Principal amendments are to AASB 101)	1 July 2020	To clarify the requirements for the definition of material	We anticipate that the impact will be minimal.

iCetana Pty Ltd
Notes to the financial statements
30 June 2019

	2019 \$	2018 \$
Note 3. Revenue		
Software sales	1,407,405	1,328,691
	<u>1,407,405</u>	<u>1,328,691</u>

Note 4. Other expenses

Cost of sale and services	266,581	621,691
Legal fees	105,624	97,722
Rent and outgoings	217,622	186,926
Travel	347,870	505,676
Other	504,678	755,615
	<u>1,442,375</u>	<u>2,167,630</u>

Note 5. Income tax expense

Income tax expense

Current tax	(1,061,396)	(1,012,609)
Deferred tax	-	-
Aggregate income tax expense	<u>(1,061,396)</u>	<u>(1,012,609)</u>

Numerical reconciliation of income tax expense and tax at the statutory rate

Loss before income tax expense	(4,444,582)	(7,810,116)
Tax at the statutory tax rate of 27.5%	(1,222,261)	(2,147,782)
Tax effect of permanent differences	(369,380)	(390,110)
Tax effect of temporary differences	(54,478)	4,490
Tax losses unrecognised / (recouped)	584,723	1,520,793
Current tax expense	<u>(1,061,396)</u>	<u>(1,012,609)</u>

Franking credits

The Consolidated Entity has no franking credits available for future offset.

Note 6. Cash and cash equivalents

Bank – Business One transaction account	157,798	49,970
Bank – Business Cash Reserve account	52	2,988,517
Bank – Flexi account	6	37,058
Bank – USD bank account	29,748	719
Bank – USD bank account	49,821	17,424
Bank – USD bank account	2,826	42,904
Bank – GBP account	129	1,396
Bank – Term Deposit	92,974	137,974
Cash in hand	2	2
	<u>333,356</u>	<u>3,275,964</u>

iCetana Pty Ltd
Notes to the financial statements
30 June 2019

	2019	2018
	\$	\$
Note 7. Trade and other receivables		
Trade debtors	475,618	679,092
Sundry debtors	74,583	1,445
	<u>550,201</u>	<u>680,537</u>
Note 8. Prepayments		
Prepayments	151,915	125,298
	<u>151,915</u>	<u>125,298</u>
Note 9. Stock on hand		
Stock – hardware	12,818	16,457
Stock – other	12,806	12,175
	<u>25,624</u>	<u>28,632</u>
Note 10. Other current assets		
Security deposit - office	-	11,475
	<u>-</u>	<u>11,475</u>
Note 11. Intangibles		
Intangible assets – at cost	41,943	41,943
Less accumulated depreciation	(20,316)	(11,928)
Trademark	1,385	1,385
	<u>23,012</u>	<u>31,400</u>
Note 12. Property, plant and equipment		
Structural improvements – at cost	77,244	77,244
Less accumulated depreciation	(3,822)	(1,891)
	<u>73,422</u>	<u>75,353</u>
Computers & office equipment – at cost	221,054	151,039
Less accumulated depreciation	(144,289)	(46,302)
	<u>76,765</u>	<u>104,737</u>
Low value pool – at cost	663	630
Less accumulated depreciation	(341)	(167)
	<u>322</u>	<u>463</u>
Total property, plant & equipment	<u>150,509</u>	<u>180,553</u>

iCetana Pty Ltd
Notes to the financial statements
30 June 2019

Note 12. Property, plant and equipment (continued)

Reconciliations

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

	Structural improvements	Computer & office equipment	Low value pool	Total
	\$	\$	\$	\$
Balance at 1 July 2017	68,502	62,279	185	130,966
Additions	8,742	83,437	383	92,562
Disposals	-	-	-	-
Depreciation expense	(1,891)	(40,979)	(105)	(42,975)
Balance at 30 June 2018	75,353	104,737	463	180,553
Additions	-	16,610	33	16,643
Disposals	-	-	-	-
Depreciation expense	(1,931)	(44,582)	(174)	(46,687)
Balance at 30 June 2019	73,422	76,765	322	150,509

2019	2018
\$	\$

Note 13. Trade and other payables

Trade payables	243,406	208,334
PAYG withholding payable	33,571	69,569
Accrued expenses	218,754	140,225
Net GST (refundable) / payable	(5,874)	(33,379)
Accrued employee benefits	-	45,000
Radium Capital R & D advance	490,168	452,697
Unearned revenue	524,069	246,559
Premium insurance funding	60,253	-
Sundry creditors	58,548	93,403
	<u>1,622,895</u>	<u>1,222,408</u>

Note 14. Provisions

Provision for annual leave	92,270	129,278
Provision for long service leave	15,162	13,618
Provision for employee entitlements	96,258	44,156
	<u>203,690</u>	<u>187,052</u>

Note 15. Share capital

1,000,000 ordinary shares (2018: 1,000,000)	2	2
1,500,000 series A preference shares (2018: 1,500,000)	1,500,000	1,500,000
946,000 series B preference shares (2018: 946,000)	916,000	916,000
1,598,462 series C preference shares (2018: 1,577,339)	11,351,125	11,301,125
	<u>13,767,127</u>	<u>13,717,127</u>

Ordinary shares have no par value and entitle the holder to participate in dividends and the proceeds on winding up of the Consolidated Entity in proportion to the number of shares held and to vote either by show of hands or upon a poll at a shareholders' meeting.

iCetana Pty Ltd
Notes to the financial statements
30 June 2019

	2019	2018
	\$	\$
Note 22. Cash flow information (continued)		
(a) Reconciliation of cash (continued)		
Cash in hand and at bank	333,356	3,275,964
(b) Reconciliation of cash flow from operations with net surplus / (deficit) for the year		
Net deficit for the year	(3,383,186)	(6,797,507)
Depreciation of property, plant and equipment	55,076	51,364
Loss on sale of asset		-
Income tax	(48,787)	(465,487)
Change in operating assets and liabilities:		
Decrease / (increase) in trade and other receivables	130,336	(493,068)
Decrease / (increase) in stock & other assets	14,483	(40,107)
(Increase) / decrease in prepayments	(26,617)	(50,264)
Increase / (decrease) in trade and other payables	400,487	1,022,037
Increase / (decrease) in provisions	16,638	63,406
Cash flows from/(used in) operations	2,841,570	6,709,626

Note 23. Financial instruments

Financial risk management objectives

The Consolidated Entity's objective is to manage working capital so as to safeguard the Consolidated Entity's ability to continue as a going concern so that the Consolidated Entity can provide returns for shareholders.

The Consolidated Entity's activities expose it to a variety of financial risks which may include market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Consolidated Entity's risk management program seeks to minimise potential adverse effects on the financial performance of The Consolidated Entity.

Market risk

Foreign currency risk

The Consolidated Entity undertakes certain transactions denominated in foreign currencies, hence exposure to exchange rate fluctuations.

The Consolidated Entity is exposed to British Pound (GBP), United States Dollar (USD) and United Arab Emirates Dirham (AED) currency fluctuations.

Price risk

The Consolidated Entity is not exposed to any significant price risk.

Interest rate risk

The Consolidated Entity's exposure to interest rate risk is limited to fluctuations in the rate of interest earned or payable in respect of cash balances as all other interest rates are fixed. Fluctuating interest rates are not expected to have a significant impact on earnings or equity.

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date, is the carrying amount, net of any provisions for doubtful debts, as disclosed in the balance sheet and in the notes to the financial statements.

Note 23. Financial instruments (continued)

Liquidity risk

The liquidity position of the Consolidated Entity is managed to ensure sufficient liquid funds are available to meet financial obligations as they fall due. The contractual maturities of the financial liabilities are referred to in Note 23.

Remaining contractual maturities

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

2019	1 year or less	1 to 5 years	Over 5 years	Total contractual maturities
	\$	\$	\$	\$
Trade payables	243,406	-	-	243,406
Insurance funding	-	60,253	-	60,253
Accrued expenses	218,754	-	-	218,754
R&D advance	490,168	-	-	490,168
Sundry payables	58,548	-	-	58,548
Unearned revenue	524,069	-	-	524,069
Total	1,534,945	60,253	-	1,595,198

2018	1 year or less	1 to 5 years	Over 5 years	Total contractual maturities
	\$	\$	\$	\$
Trade payables	208,334	-	-	208,334
Accrued employee benefits	45,000	-	-	45,000
Accrued expenses	140,225	-	-	140,225
R&D advance	452,697	-	-	452,697
Sundry payables	93,403	-	-	93,403
Unearned revenue	246,559	-	-	246,559
Total	1,186,218	-	-	1,186,218

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments.

Note 24. Related party transactions

(a) Key management personnel (KMP) compensation disclosure

The aggregate compensation made to Directors and other members of key management personnel of The Consolidated Entity is set out below:

	2019	2018
	\$	\$
The total of remuneration paid to KMP of the Consolidated Entity during the year are as follows:		
Short-term employee benefits	563,000	686,461
Post-employment benefits	22,990	35,033
Other long-term benefits	27,987	-
	613,977	721,494

Note 24. Related party transactions (continued)

Key management personnel (KMP) compensation disclosure (continued)

Short-term employee benefits

These amounts include all salary, fringe benefits and cash bonuses awarded to KMP except for details in respect to fees and benefits paid to elected members which may be found above.

Post-employment benefits

These amounts are the current-year's estimated cost of providing for The Consolidated Entity's superannuation contributions made during the year.

Other long-term benefits

These amounts represent annual leave and long service leave benefits accruing during the year.

(b) Transactions with related parties

Transactions between related parties and The Consolidated Entity are on normal commercial terms and conditions, no more favourable than those available to other parties, unless otherwise stated.

The Consolidated Entity's main related parties are as follows:

Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any elected member, are considered key management personnel. KMP are employed by The Consolidated Entity under normal employment terms and conditions.

Other Related Parties

Any entity that is controlled by or over which KMP, or close family members of KMP, have authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly are considered related parties in relation to the Consolidated Entity.

Entities subject to significant influence by The Consolidated Entity

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

No transactions occurred with related parties during the year.

Note 25. Remuneration of auditors	2019	2018
	\$	\$

During the financial year the following fees were paid or payable for services provided by Butler Settineri (Audit) Pty Ltd, the auditor of The Consolidated Entity, its network firms and unrelated firms:

Audit services – Butler Settineri (Audit) Pty Ltd

Audit of the financial statements	11,724	10,450
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Other services – Butler Settineri Pty Ltd

Preparation of financial statements	2,350	1,650
	2,350	1,650

	14,074	12,100
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Note 26. Capital risk management

The Consolidated Entity's objective is to manage working capital so as to ensure that liabilities can be settled as and when they fall due.

Note 27. Commitments

There is an operating lease commitment over the Australian office premises situated at 6 Centro Avenue, Subiaco, WA.

	2019	2018
	\$	\$
Due within 1 year	111,401	136,439
Due between 2 – 5 years	-	102,329
	<u>111,401</u>	<u>238,768</u>

iCetana Pty Ltd
Notes to the financial statements
30 June 2019

In the Directors' opinion:

The financial statements and notes as set out in pages 10 to 29:

- comply with the accounting policies as detailed in note 1 to the financial report; and,
- present fairly the financial position of the Consolidated Entity as at 30 June 2019 and its performance for the year ended on that date.

In the Directors' opinion there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they fall due and payable.

This declaration is made in accordance with a resolution of the Directors:

On behalf of the Directors



Director



Director

Date: 7th November 2019
Perth



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ICETANA PTY LTD

Opinion

We have audited the attached financial report, being a general purpose financial report of iCetana Pty Ltd ("the Company") and its controlled entities ("the Group") 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 flow for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the declaration made by the directors.

In our opinion, the accompanying financial report of iCetana Pty Ltd and its controlled entities is in accordance with the accounting policies described in note 1 to the financial report including giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended and complying with Australian Accounting Standards to the extent described in note 1.

Basis for Opinion

We have conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the 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 ethical requirements 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.

Emphasis of Matter – Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying the opinion expressed above, attention is drawn to the following matter.

As a result of matters referred to in Note 1 to the financial report, "Going Concern", the ability of the Company to continue as a going concern is dependent upon further capital raising and improved trading conditions. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and therefore the Company may be unable to realise its assets and discharge its liabilities in the normal course of business.

Directors' Responsibilities for the Financial Report

The directors of the Company are responsible for the preparation of the financial report and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements as an investee company of the Yuuwa Capital Limited Partnership and the needs of the members.

The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group'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 Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

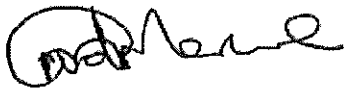
As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess 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 Group'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 Group'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 Group 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.

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.

BUTLER SETTINERI (AUDIT) PTY LTD



MARIUS VAN DER MERWE CA
Director

Perth

Date: 7 November 2019