AML3D Ltd // ASX: AL3 // ABN 55 602 857 983

Annual Report 2019 20

AML3D

Contents

AML3D Limited is a company established to commercialise WAM® (Wire Additive Manufacturing), an emerging innovative metal additive manufacturing technology for the cost-effective production of large, high performance metal components and structures.

WAM® brings together welding science, metallurgy, CAD software design and robotics technology to construct metal components and structures via welding sequential layers of metal.

WAM® is a faster, stronger, more cost-effective environmentally friendly approach to metal fabrication that is transforming the metal fabrication landscape.

Agreed scope and purchase order	Development of CAD design optimised for WAM®	Prototype manufacture and internal testing	Customer evaluation and testing	Product certification and commercialisation

AML3D CUSTOMER JOURNEY

Chairman's Letter

On behalf of the Board, it is with great pleasure that I welcome you to AML3D's first annual report as a listed company.

Stephen Gerlach // Chairman

Dear shareholder,

On behalf of the Board, it is with great pleasure that I welcome you to AML3D's first annual report as a listed company.

The past financial year has set AML3D on course for what will be an exciting and inevitably rewarding journey as we seek to disrupt traditional metal fabrication, which has been around in its current form for hundreds of years. I have sat on many Boards over the years and observed the internal machinations of numerous companies, and I can say without a shadow of a doubt, that AML3D has one of the strongest business cases for growth that I have seen. AML3D is a disruptor in a world of advanced manufacturing where disruption is the key to fast tracking evolution and enabling Australian manufacturing to be competitive.

AML3D successfully listed on the Australian Securities Exchange in April 2020, raising $9 million with strong support from both institutional and retail shareholders and we have continued to receive strong support since listing.

Our lean and experienced management team has a focused goal of becoming a leading diversified large-scale metal fabrication company in the Southern Hemisphere, capable of producing finished parts and components to a certified standard under an accredited Quality Management System, together with the important credential of Lloyds registration. At this early stage I am pleased to say that we are well on the way to achieving this goal.

In our ASX announcement of 12 August 2020, our Managing Director Andrew Sales articulated the compelling value proposition of AML3D's technology and product offering. In a short period of time we have become recognised as a global leader in the emerging large-scale 3D metal printing industry. Our technology combines welding science, robotics, metallurgy and software to produce automated wire fed 3D printing in a large freeform environment. We firmly believe our technology will transform the metal manufacturing and fabrication landscape forever.

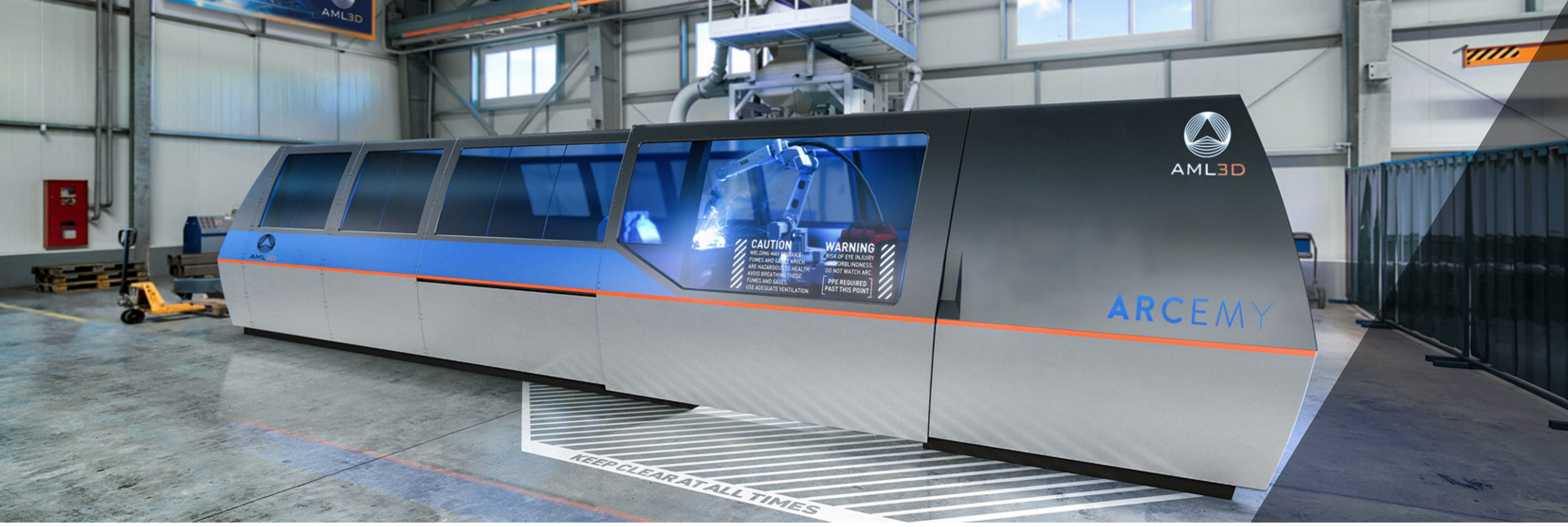
Since listing, funds raised have been successfully directed towards establishing manufacturing footprints here and overseas. Our Singapore office has been established and our Singapore Contract Manufacturing Centre is in the process of becoming operational, with senior appointments made to oversee growth in the region. We also relocated our local operations to the key industry precinct of Edinburgh in Adelaide. These activities have delivered the physical presence AML3D requires to progress the next phase of our growth strategy.

Our initial public offering would not have been possible without the support of our shareholders, both existing shareholders at the time and new shareholders introduced through the IPO process. We have some of Australia's premier institutional investors on the register, which is a clear 'tick in the box' in terms of their belief in AML3D, our strategy and the market that we are disrupting. Your company is now well capitalised with cash flow to be generated from early orders that have been secured.

AML3D's financial results for FY20 reflect expenditure in line with the Use of Funds set out in our Prospectus. The Company incurred a loss before tax of $3,094,021 which was in line with expectations and attributable to expenditure for our expansion, listing expenses and other associated costs. The 2021 financial year will provide a clearer picture of underlying business performance and growth prospects.

At the time of writing this letter, the world is still working through the challenges presented by COVID-19. At AML3D, we are pleased to advise that we have not had any cases internally, in part due to early and decisive actions taken and enacting broad ranging procedures and protocols. Such measures include the ability for staff to work from home, regular testing and strict enforcement of social distancing in the workplace. It is pleasing to say that aside from some inevitable inconveniences caused by COVID-19, it has been business as usual for AML3D, and we plan on keeping it that way. We certainly do hope that your families and loved ones are keeping safe and healthy during these unsettling times.

Continued overleaf.



Chairman's Letter (continued)

OUTLOOK FOR FY21

The new financial year is shaping up as a very exciting one for AML3D and will no doubt be a foundation year for the company. **The main areas of focus in FY21 will be to:**

- Grow the Contract Manufacturing Centre's operations in Singapore, as we have done in Adelaide;
- Pursue global business opportunities, focusing initially on creating customer and industry partnerships in high margin sectors such as defence;
- Expand our contract manufacturing base to drive long-term repeat customers;
- Build ARCEMY® modules for customers looking to establish in-house 3D printing capability;
- Grow recurring revenue via annual software licencing, service and maintenance agreements and sale of wire feedstock; and
- Continue with our research and development activities to refine and broaden our range of products and processes.

AML3D now has the only diversified large-scale WAM® metal fabrication facility in the Southern Hemisphere that is capable of producing finished parts and components to a certified standard under an accredited Quality Management System. This is a clear first mover advantage that we will look to capitalise on. Our pipeline of opportunities continues to build in an industry with exponential growth forecast over the coming years.

The result of all this is that we are well positioned to sensibly grow our presence in the global metal fabrication market. I believe that our proprietary software and equipment will not only entice new customers to work with us but will help us retain these customers over the longer-term as we pursue sustainable value creation for all stakeholders.

CLOSING

I would like to thank my fellow Board members for the wide-ranging skills and expertise they have brought to AML3D, and their support throughout our initial public offering process. Recognition must also be given to our management team and staff, who have demonstrated resilience and dedication in what is a very challenging time. We operate as one team, keeping safe from COVID-19, and have not wavered from our overarching goal to become a leading diversified large-scale metal fabrication company in the Southern Hemisphere.

To our Managing Director, and founder, Andrew Sales, it is very clear that AML3D would not be where it is today without your vision, dedication and relentless pursuit of 3D metal printing. AML3D is uniquely and strategically placed as a major disruptor in the US$10 billion global metal fabrication market, which is still dominated by antiquated and environmentally unfriendly metallurgical casting and forging. Gaining market share in this market is already happening and is a credit to Andrew and his vision.

Finally, to our shareholders, thank you for choosing to invest in AML3D. Your Board and management team are committed to pursuing profitable and sustainable growth for the benefit of all stakeholders, as we build upon the foundation created from our initial public offering in April.

Stephen Gerlach

Stephen Gerlach AM
Chairman

Managing Director's Report

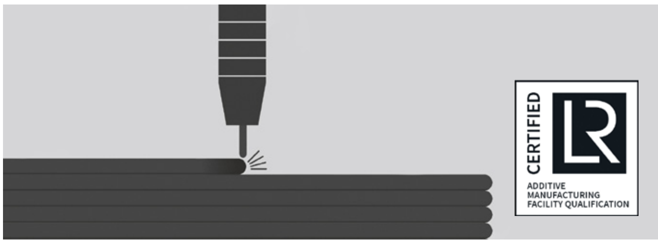
Andrew Sales // Managing Director

Dear shareholder,

In what has been an exciting year of change for the company, I would like to start by reiterating what I recently conveyed via a letter to you in July, that it is a privilege to be Managing Director of AML3D during what will be a period of exciting growth for your company. I have incredible support from an excellent team and Board here at AML3D, and I am committed to delivering sustainable value for our shareholders and stakeholders.

Wire arc additive manufacturing, or WAM®, came about from my interest in welding technology and fabrication, including the welding of high strength corrosion resistant alloys, and the realisation of the trend in new technology that traditional metal fabrication was not sustainable, from a cost, efficiency and environmental perspective. Traditional forging and casting takes a long time; supply chain is extensive and at times problematic; a large-scale industrial footprint is required; costs of labour throughout the process are high; there is substantial waste; there are significant emissions from the process itself and from transportation; and there is a lack of quality in finished cast and forged products. As a result, I formed AML Technologies in late 2014 and built a team to undertake research and development that led to the delivery of WAM®.

WAM® is a disruptive technology that is already materially transforming the metal fabrication landscape in what is currently a US$10 billion global market. WAM® is a cheaper, faster and more environmentally friendly approach to metal fabrication, which is delivered via a 3D platform, not dissimilar to current 3D printers. The metal printing process melts wire through a plasma delivered by an electric arc, then forms beads layer by layer which refines the metal geometry to produce high specification metal components. This process is undertaken by our own ARCEMY® module that is driven by our proprietary WAM® software (WAMSoft®). The process has received ISO9001 Quality Management Certification, with AML3D becoming the world's first accredited Wire-feedstock Additive Manufacturing Facility through the Lloyds Register (Singapore).



There are numerous competitive advantages of ARCEMY®, WAM® and WAMSoft®, but key is the ability to promptly deliver an array of high-quality, large-scale, custom built components to customers at competitive prices. All of this can be done with significantly shorter lead times, less raw material input and waste, and greater end product strength. In fact, when compared with traditional fabrication processes, WAM® delivers cost savings of up to 70%, while the manufacturing process is 75% faster and reduces waste by up to 80%. Traditional fabrication has served industry well for hundreds of years, however, today society is rightfully demanding businesses operate sustainably and with a smaller environmental footprint.

WAM® Process	Traditional Metal Fabrication Process
Low cost, highly efficient with few process steps	**Considerable inefficiencies and costs**
Local feedstock – not dependent on overseas supply	**Substantial order lead time involved**
Energy efficient	**Considerable energy resources**
80% Less material waste with near net shape	**Wasted material**
Certified and patented process	**Labour and time intensive to construct**

As a result of all this, we are now taking domestic orders for components that were previously sourced overseas. The driver of this shift is two-fold. Firstly, supply chains are changing due to COVID-19, with a desire and need for businesses to source locally if they can.

Continued overleaf.

Managing Director's Report (continued)

Secondly, traditional fabrication costs in Australia were higher than most, mainly driven by labour costs. Our WAM® technology keeps labour costs to a minimum, which is a monumental shift in terms of our ability to outperform competition from pricing and time perspectives, both internationally and here at home.

We were pleased to recently announce the signing of a Global Collaboration Agreement with AdditiveNow, which will involve end-to-end integrated additive manufacturing advisory and printing services for a broad range of global customers. AdditiveNow is a joint venture between Advisian Digital, the data science, software and technology business of Worley Limited, and Aurora Labs Limited. Under this agreement, AML3D and AdditiveNow will work towards a commercial framework to push the take-up of our WAM® technology to the global energy, chemicals, oil and gas and mining industries. I believe the end result of this collaboration will deliver enhanced capabilities to new global markets, with both companies complementing each other. AdditiveNow will focus on additive manufacturing consulting while AML3D will deliver WAM® advisory services and WAM®'s product performance, time and manufacturing efficiencies to AdditiveNow's customer base.

Other recent partnerships include the executed contract with Austal Limited to co-develop components for maritime defence applications, and the first stage product testing with Lightforce Australia Pty Ltd to develop next-generation 'made-to-fit' titanium body armour (with a Memorandum of Understanding signed). These types of agreements and business partnerships are seeing good momentum starting to build within our main revenue streams, **these being:**

Contract manufacturing, which is fulfilling manufacturing orders for customers using our ARCEMY® module.	**ARCEMY® sales,** with customers acquiring the ARCEMY® module for their own fabrication needs.	**Licencing** of software and service and maintenance agreements.

To ensure our revenue momentum is not only maintained, but enhanced, we will continue to invest in sales and marketing and research and development initiatives, which will drive the expansion of our product offering through focus on the application of new alloys and exotic metals in the WAM® process. We must continue to evolve our product offering so that we remain a leader in this new wave of metal fabrication.

It is because of these compelling statistics that I believe WAM® will ultimately be viewed as a driver of the fourth industrial revolution, and AML3D is uniquely positioned as a leader in this fast-growing sector. According to the Wohlers Report of 2019, "the industry is expected to grow by nearly 3.6 times to $US 35.6 billion in 2024", which represents a tremendous opportunity for AML3D.

PROGRESS TO DATE

The dedicated team at AML3D has been working hard to deliver products to our customers as well as seeking out new market opportunities. While COVID-19 has had a negative impact on all of our lives in some way, shape or form, for AML3D the impact has actually been positive on a number of levels. With cross border trade becoming an issue, we will be able to manufacture parts all around the world, with our first ARCEMY® module in place in Singapore. The plan moving forward is to have our ARCEMY® units strategically located globally, near customers and relevant industries to ensure we can deliver products to them in a timely, cost effective and environmentally efficient manner.

In January we delivered a Panama Chock weighing 1,400 kg to Keppel Corporation in Singapore. This purchase order was for a first-of-a-kind 3D print and will be load tested to assess suitability for significant future orders. The chock was recently independently validated by DNV-GL in Singapore and results show it is 1½ times stronger than cast equivalents used in the marine industry.

In April 2020 we proved that our steel products are stronger than forged equivalents. Our printed high strength steel was independently demonstrated to have Ultimate Tensile Strength 30% higher than the applicable global standard, with less metal usage. This is a great endorsement for our technology and highlights the potential for AML3D to be a disruptive force in the metal fabrication industry.

In May 2020 we signed the lease for a new head office and manufacturing space in Edinburgh Parks, Adelaide. This is a shared facility, which allows us to keep costs to a minimum, and provides for AML3D's anticipated growth with ~110m^2 of office space and ~1,250m^2 for inventory and manufacturing. The premises will house seven large-format proprietary production cells for contract manufacturing and two ARCEMY® metal 3D printers to meet industry demand for advanced manufacturing with WAM® here in Australia.

In June, we delivered the first proprietary AML3D ARCEMY® unit to our customer ST Engineering in Singapore under a right to use with an option to buy arrangement, with AML3D retaining the right to 50% of the ARCEMY® unit's printing capacity to manufacture products for our customers. As detailed above, this is a key factor in ensuring that we are able to service multiple markets and relevant industries in an effective way.

CLOSING

In closing, I would like to mention our very capable team that has worked tirelessly through these challenging times to ensure AML3D continues on its path to success. Furthermore, none of this would be possible without the encouraging support that I receive from our shareholder base. We are embarking on an exciting period of growth for AML3D and I look forward to providing regular updates during FY21.

Andrew Sales
Managing Director

1,400 kg Panama Chock developed for Keppel Corporation in Singapore.


The new AML3D head office and manufacturing space in Edinburgh Parks, Adelaide.

Board

STEPHEN GERLACH AM // LLB, FAICD

Chairman // Member of Audit & Risk Committee

Stephen is a company director and corporate advisor. He is Chancellor of Flinders University. He is also the Chairman of Adelaide Capital Partners Pty Ltd, Gerlach Asset Development Pty Ltd, Ebony Energy Ltd and a Director of Beston Global Foods Ltd and Beston Pacific Asset Management Pty Ltd.

He was formerly the Chairman of Santos Limited, Futuris Corporation Ltd (subsequently known as Elders Ltd), Equatorial Mining Ltd, Elders Australia Ltd, Challenger Listed Investments Limited, Amdel Ltd, and Penrice Ltd. He was also a Director of a number of other public companies including Southcorp Ltd, AMP Australia Ltd, Brunner Mond Holdings Ltd (UK) and Elders Rural Bank and a member of other public companies including companies located in the United Kingdom, United States of America and Chile.

Stephen was a partner of the Adelaide legal firm Finlaysons for 23 years and its Managing Partner from 1985 to 1991.

He has also been actively involved in a number of community and professional associations and is currently a Trustee of the Australian Cancer Research Foundation, a Director of The General Sir John Monash Scholarship Foundation, Chairman of the South Australian Cricket Association Nomination Committee and Chairman of The Psychosis Australia Trust.

He was the inaugural Chairman of Foodbank South Australia Inc from 1999 to 2014, and a Director of Foodbank Australia Ltd.

The Board considers that Mr Gerlach is an independent Director.

ANDREW SALES // MEng, MSc, CEng, CMatP

Managing Director

Andrew is a Chartered Engineer with a Master of Engineering and Master of Science and is a renowned expert in welding technology with over 27 years of global experience (Australia, Europe, South America, Africa and Asia). Andrew has held varying roles across upper management and senior leadership within the oil and gas, resources and mining sectors as well as advanced manufacturing, heavy engineering and fabrication.

He is also the author of numerous technical papers in the field of welding high strength corrosion resistant alloys. In addition to Science and Engineering qualifications at Masters level, he also holds a Diploma in Quality Management and Auditing. He is a Chartered Engineer through ECUK and TWI (UK), a professional member of Materials Australia holding a CMatP, and also sits on two Standards Australia committees including the newly established committee for Additive Manufacturing.

Andrew founded AML Technologies in 2014 and has been Managing Director since that time.

The Board considers that Mr Sales is not an independent Director.

SEAN EBERT // BEng, Hons (Electrical), GAICD, MBA

Executive Director

Sean has 25 years of executive and board level experience across public and commercial sectors with particular experience within the engineering sectors of oil and gas, mining and resources and emerging technologies in Australia, Middle East, South America, US and Europe. Sean was previously the CEO of Beston Pacific Asset Management, Global Director M&A of WorleyParsons, CEO of Camms Pty Ltd and CEO Camms Profit Impact Pty Ltd.

The Board considers that Mr Ebert is not an independent Director.

LEONARD PIRO // BEc, DipCorpMgmt

Non-Executive Director // Member of Audit & Risk Committee

Leonard is the former Deputy Chief Executive of the SA Department of Trade and Economic Development, Executive Director Manufacturing and Chief Executive Automotive Industry Transformation Taskforce and Group Executive Director and Chairman of the Tonsley Re-development. Leonard has had exposure to manufacturing trends and strategies in Europe and the US.

The Board considers that Mr Piro is an independent Director.

KEVIN REID // FCA GAICD

Non-Executive Director // Chairman of Audit & Risk Committee

Kevin is a Chartered Accountant with 24 years' experience as a partner with PwC and BDO practicing as an assurance specialist. He has experience with a wide range of listed companies. He has been an independent accountant for initial public offers, capital raisings and acquisitions and has extensive commercial and corporate experience as a company director and professional practice board member. Kevin is Chair of MPH Architects and deputy chair of Can:Do Group. Kevin is also a director of ACH Group Inc, Meals on Wheels (South Australia) and the Maggie Beer Foundation. He is a member of the Audit & Risk committee for the Office of the National Rail Safety Regulator.

The Board considers that Mr Reid is an independent Director.

CHRISTINE MANUEL // BMus, GradDipACG, DipCD, DipInvRel, FGIA, FCG (CS, CGP), MAICD, MAITD, AAIPM

Company Secretary

Christine is an experienced Company Secretary and corporate governance professional and has held Company Secretary and executive roles in a range of listed and unlisted entities over more than 20 years. She was formerly Company Secretary of Santos Group companies and People's Choice Credit Union and is currently Company Secretary of ASX listed Angel Seafood Holdings Ltd.

Christine holds postgraduate qualifications in Applied Corporate Governance and is a Chartered Secretary and Chartered Governance Professional. She is Vice-President of the Board and past SA/NT State Council Chair of the Governance Institute of Australia. She regularly facilitates Governance Institute training courses.

Directors' Report

The Directors of AML3D Limited (*Company or AML3D*) present their report, together with the financial statements of the Company and its controlled entities (*the Group*) for the financial year ended 30 June 2020.

DIRECTORS

The following persons were directors of the Company during the financial year and to the date of this report:

Stephen Gerlach	Non-executive Chairman	Appointed 30 August 2019
Andrew Sales	Managing Director	Appointed 14 November 2014
Sean Ebert	Executive Director	Appointed 30 August 2019
Leonard Piro	Non-executive Director	Appointed 30 August 2019
Kevin Reid	Non-executive Director	Appointed 3 December 2019

Directors have been in office since the start of the financial period to the date of this report unless otherwise stated.

INFORMATION RELATING TO DIRECTORS AND COMPANY SECRETARY

Details of each Director's experience, qualifications and responsibilities are set out on pages 8 to 9. This includes information on other listed company directorships in the last three years. The Company Secretary is Christine Manuel. Details of her experience and qualifications are also set out on page 9.

COMPANY OVERVIEW

AML3D is an Australian public company incorporated on 14 November 2014. The Company was admitted to the Official List of ASX on 16 April 2020 and commenced trading on ASX on 20 April 2020. AML3D is a welding, robotics, metallurgy and software business which uses automated wire-fed 3D printing in a large freeform environment to produce metal components and structures for commercial use.

AML3D has commercialised its wire arc additive manufacturing technology (under the trademark WAM®), an innovative metal additive manufacturing technology for the cost-effective production of large, high performance metal components and structures.

AML3D's proprietary WAM® process is part of the spectrum of 3D metal printing that focuses on larger industrial applications with flexibility across multiple classes of metals including titanium alloys, nickel alloys and steel alloys.

AML3D's WAM® technology combines electric arc as a heat source with wire as a feedstock and welds sequential layers of metal to produce near net-shape metal components. The WAM® technology provides an alternative manufacturing and fabrication method for the production of components in industry sectors such as aerospace, marine, defence, oil and gas, mining and general manufacturing which vary from high-end aerospace parts to general engineering, with the value proposition being significant in the case of larger scale industrial grade and complex parts.

In conjunction with its WAM® technology, AML3D has developed its own proprietary software, WAMSoft®, which combines metallurgical science and engineering design to automate the 3D printing process utilising advanced robotics technology. The WAMSoft® software enables a highly tailored approach to the needs of each client by enabling different pathways and welding operations for different products and materials. Depending on material type, thickness of part, geometry and final size, the software identifies optimal path models using an extensive library of weld bead geometries.

PRINCIPAL ACTIVITIES

The principal activities of AML3D during the financial year were to:

a) Design and construct 3D parts using Wire Additive Manufacturing technology and to develop that technology.

b) Design and construct ARCEMY® 3D printing modules for right to use with an option to buy by customers.

No significant changes in the nature of the Company's activity occurred during the financial year.

OPERATING AND FINANCIAL REVIEW

REVIEW OF OPERATIONS

FY2020 has been a transformative year for the Company, in particular, its listing on the ASX, providing a platform for future growth. The Company has continued to develop its technology and has printed a range of metal pieces for use in a variety of industries, including marine and defence.

The Company's revenue has been derived from:

a) Contract manufacturing, which is fulfilling manufacturing orders for customers using our ARCEMY® 3D printing module; and

b) ARCEMY® right to use with an option to buy, with customers acquiring the ARCEMY® 3D printing module for their own fabrication needs.

In January 2020, AML3D delivered a Panama Chock weighing 1,400 kg to Keppel Corporation in Singapore.

This was a trial purchase order to assess suitability for future orders. The chock was independently confirmed as stronger than forged equivalents.

In April 2020, it was proven that our steel products are stronger than forged equivalents. AML3D's printed high strength steel was independently demonstrated to have Ultimate Tensile Strength 30% higher than the applicable global standard, with less metal usage.

In May 2020, the Company entered into a lease for a new head office and manufacturing space in Edinburgh Parks, Adelaide. This is a shared facility and provides for AML3D's anticipated growth. The premises will house up to seven large-format proprietary ARCEMY® 3D printing modules to meet market demand in Australia.

In June 2020, AML3D delivered the first proprietary AML3D ARCEMY® 3D printing module to a customer, ST Engineering, under a right to use with an option to buy arrangement. The Company has retained the right to 50% of the module's printing capacity to manufacture products for AML3D's customers in the Asian region and beyond.

Throughout the year, the Company has sought out new customers and markets and developed a pipeline of opportunities which will be built on in FY2021.

FINANCIAL RESULTS AND POSITION

The Company successfully listed on ASX on 20 April 2020, raising $9,000,000 before costs by issuing 45,000,000 new shares at $0.20 per share in the Company's Initial Public Offer (*IPO*).

The funds raised by the Company are being deployed to implement its business plan and take advantage of the opportunities that exist for additive manufacturing in Australia, South East Asia and other markets.

Equipment has been purchased and ordered to expand production capacity at the Group's new Adelaide facility in Edinburgh Parks and, in due course, for the Group's facility in Singapore. The Company has recruited additional staff to enhance its operations, sales, marketing and technical capabilities in both Australia and Singapore. Several test and demonstration pieces have been prepared for marketing purposes, to demonstrate the capability of the Company's technology.

The Company achieved sales revenue of $288,156. Total revenue for FY2020 was $735,350. This included funds received in the form of an R&D Tax Incentive of $309,054 and Government support in the form of Cash Boost and Job Keeper payments of $126,000. Sales revenue includes progress payments for the delivery and installation of the first ARCEMY® 3D printing module in Singapore in addition to revenue from the sale of demonstration pieces.

The loss before and after tax for FY2020 of $3,094,021 was largely attributable to expenditure related to the costs of listing, $584,056, and expansion of the Company, in particular, an investment in people for our sales, marketing, manufacturing and technology development capabilities.

At the end of the financial year, the Company had $8,227,986 in cash and cash equivalents after expending $826,085 on additional new equipment.

USE OF IPO FUNDS

In the period from admission to ASX on 16 April 2020 and commencement of quotation of securities on ASX on 20 April 2020 until 30 June 2020, the Company has used the cash and assets in a form readily convertible to cash that it had at the time of admission in a way consistent with the Company's business objectives, as outlined in the prospectus dated 10 February 2020.

BUSINESS STRATEGIES AND PROSPECTS

The Company plans to build on the successes achieved in FY2020, summarised above in the Review of Operations. **The main areas of focus in FY2021 will be to:**

- Grow the Contract Manufacturing Centre's operations in Singapore, as we have done in Adelaide;
- Pursue global business opportunities, focusing initially on creating customer and industry partnerships in high margin sectors such as marine and defence;
- Expand our contract manufacturing base to drive long-term repeat customers;
- Build ARCEMY® modules for customers looking to establish in-house 3D printing capability;
- Grow recurring revenue through annual software licencing, service and maintenance agreements and sale of wire feedstock; and
- Continue with our research and development activities to refine and broaden our range of products and processes.

AML3D currently has the only diversified large-scale WAM® metal fabrication facility in the Southern Hemisphere that can produce finished parts and components to a certified standard under an accredited Quality Management System. This is an advantage that the Company will look to leverage.

The achievement of our strategies and prospects may be impacted by the COVID-19 pandemic, the effect of which cannot be foreseen.

MATERIAL BUSINESS RISKS

There are a number of material business risks which could affect the Company's ability to achieve its business strategies as follows.

MARKET ACCEPTANCE OF NEW TECHNOLOGY

AML3D has commercialised its WAM® technology and has established a number of important relationships and research collaborations. However, there can be no assurances that the market will accept the WAM® technology, given that it is challenging traditional and well-tried technologies such as machining and forging. WAM® is a disruptive technology in traditional manufacturing industries where many potential users of WAM® have sunk investment in existing technologies.

Wire arc additive manufacturing is a new technology in a relatively young industry of 3D metal printing. Widespread awareness-raising of the advantages and value proposition associated with the Company's WAM® technology will be required to lift the profile of the technology and educate the market.

CUSTOMER CONVERSION

At present, the Company is at a paid trial stage with a number of potential contract manufacturing clients. There can be no guarantee that any of these paid trial customers will convert into regular customer contracts. Although the Company's client base is expected to diversify as a result of the expansion of the Company's revenue streams, the Company will initially be substantially reliant on a select number of clients. The loss of any of these clients may have a negative impact on the Company's revenues and profits unless they can be replaced with new clients.

The Company's future activities are specifically designed around further business development activities in order to grow the client base in Australia and Singapore, and other markets.

RELIANCE ON KEY PERSONNEL

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management, technical experts and its Directors. In particular, the technology and the development of the ARCEMY® 3D printing modules is largely due to the experience of the Managing Director and the Company's Technical Engineering Manager. The Company is seeking to reduce this risk by the appointment of additional technical staff.

ACCESS TO RAW MATERIALS

The Company requires access to markets for its raw materials including titanium alloys, nickel alloys, stainless steel, aluminium alloys and bronze alloys in order to manufacture components. If the Company is unable to secure these materials, this would likely have a material adverse effect on the business and financial performance of the Company.

RESEARCH & DEVELOPMENT AND TECHNICAL RISK

The Company's products and technology are the subject of continuous research and development which will likely need to be developed further in order to enable the Company to remain competitive, increase sales and improve the scalability of products and technology. There are no guarantees that the Company will be able to undertake such research and development successfully. Failure to successfully undertake such research and development, anticipate technical problems, or estimate research and development costs or timeframes accurately will adversely affect the Company's results.

INTERNATIONAL OPERATIONS

AML3D is applying some of the funds raised from the IPO to develop its international operations in Singapore including through the establishment of the Singapore Contract Manufacturing Centre. This will represent the Company's first international operation in a separately regulated environment. This exposes the Company to a risk that its execution may not result in the intended outcome from the investment.

INTELLECTUAL PROPERTY

The Company is in the early stages of protecting its process improvements through patents. The Company has submitted patent applications for its wire arc additive manufacturing process. The prospect of attaining patent protection for products and the technology such as those proposed to be used by the Company is highly uncertain. As a result, the Company's patent applications may not proceed to an issued patent and, if issued, may not be of commercial benefit to the Company, or may not afford the Company adequate protection from competing products.

DATA LOSS AND CYBER SECURITY

The Company is reliant on the security of its network environment, vendor environments and websites. Breaches of security including hacking, denial of service attacks, malicious software use, internal Intellectual Property theft, data theft or other external or internal security threats could put the integrity and privacy of customers' data and business systems used by the Company at risk which could impact technology operations and ultimately customer satisfaction with the Company's products and services, leading to lost customers and revenue.

ACCREDITATION

The growth of AML3D contract manufacturing services is dependent on retaining Lloyds Register and ISO 9001 accreditation for the certification of parts produced for its customers. The loss of these accreditations would significantly impact the demand for AML3D's contract manufacturing services.

PANDEMIC

To the date of this report, the Company's operations have not been materially and directly adversely impacted by COVID-19. However, uncertainty remains as to the scope and length of the pandemic and the impact of restrictions that will be imposed to combat the pandemic. The pandemic may result in the loss of or delay in sales to customers and potential customers. It may also impact access to equipment and supplies, delaying the delivery of products to customers. The Company is actively monitoring risks associated with COVID-19 and implementing risk management measures to mitigate against potential impacts.

The recent IPO by the Company has resulted in significant cash and cash equivalents which will assist the operations of the Company whilst the pandemic subsists.

ENVIRONMENTAL AND SUSTAINABILITY RISK

The Board is not aware of any material exposure to economic, environmental or social sustainability risks to which the Company may be subject.

CLIMATE CHANGE RISK

The Board is not aware of any current material exposure to risks brought about, or likely to be brought about, by climate change.

RISK MANAGEMENT

The Board determines the Company's risk profile and is responsible for establishing, overseeing and approving the company's risk management framework, strategy and policies, internal compliance and internal control. The Board has delegated to the Audit and Risk Committee the responsibility for implementing the risk management system. The Company's risk management policy sets out the requirements for the Company's risk management framework, the process for identification and management of risks and regular reviews.

SUSTAINABILITY

AML3D is committed to developing and maintaining sustainable and environmentally-conscious operations. One of the benefits of AML3D's manufacturing process is that it generates considerably less waste material than traditional casting and machining processes.

ENVIRONMENTAL REGULATION

The Group's activities are subject to general environmental laws and regulations relating to manufacturing operations, in particular for the disposal and storage of scrap and hazardous materials. No breaches of environmental regulation occurred during the financial year and to the date of this report.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The Company converted from a proprietary to a public company effective 5 December 2019. Following a successful IPO which raised gross funds of $9m, the Company was admitted to the Official List of ASX on 16 April 2020 and quotation of its securities on ASX commenced on 20 April 2020. The funds raised have contributed to the Group's equity increasing by $9,826,586. IPO proceeds have begun to be applied to the development of the Company in accordance with the Use of Funds set out in the Company's prospectus.

There were no other significant changes in the state of affairs of the company, other than as referred to in this report.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years other than:

- On 17 July 2020, equipment orders to the value of $669,000 were placed for the expansion of the new Adelaide facility.

DIVIDENDS

No dividends were declared or paid during the year.

CORPORATE GOVERNANCE

The Board oversees the Company's business and is responsible for the overall corporate governance of the Company. It monitors the operations, financial position and performance of the Company and oversees its business strategy, including approving the strategy and performance objectives of the Company.

The Board is committed to maximising performance and generating value and financial returns for Shareholders. To further these objectives, the Board has created a framework for managing the Company, including the adoption of relevant internal controls, risk management processes and corporate governance policies and practices which the Board believes are appropriate for the business and which are designed to promote the responsible management and conduct of the Company. To the extent relevant and practical, the Company has adopted a corporate governance framework that is consistent with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th Edition).

The Company's Corporate Governance Plan, including key policies, is available on the Company's website at **www.aml3d.com**

DIRECTORS' MEETINGS

During the financial year, 8 meetings of Directors, including Committees of Directors, were held.
Attendances by each Director during the year were as follows:

Directors	Board Meetings		Audit and Risk Committee Meetings	
	Eligible to attend	Meetings attended	Eligible to attend	Meetings attended
Stephen Gerlach	7	7	1	1
Andrew Sales	7	7	-	-
Sean Ebert	7	7	-	-
Leonard Piro	7	7	1	1
Kevin Reid	7	6	1	1

DIRECTORS' SHAREHOLDINGS

The following table sets out each Director's relevant interest in shares, debentures, and rights or options in shares or debentures of the Company or a related body corporate, including securities held directly, indirectly or by related parties, as at the date of this report:

Director	Fully paid ordinary shares	Share Options
Stephen Gerlach	233,334	2,566,667
Andrew Sales	40,251,250	100,000
Sean Ebert	991,666	2,333,333
Leonard Piro	800,000	2,050,000
Kevin Reid	58,334	516,667

Further details of Directors' security holdings, including the numbers subject to escrow restrictions, are provided in the Remuneration Report commencing on page 15.

DIRECTORS' AND SENIOR EXECUTIVES' REMUNERATION

Details of the Company's remuneration policies and the nature and amount of the remuneration for the Directors and senior management (including shares, options and rights granted during the financial year) are set out in the Remuneration Report commencing on page 15 and in Notes 9 and 10 to the financial statements.

REMUNERATION REPORT (AUDITED)

The Directors of the Company present this Remuneration Report for the Group for the year ended 30 June 2020. The information provided in this Report has been audited as required by s 308(3C) of the Corporations Act 2001 (Cth) (*Corporations Act*) and forms part of the Directors' Report.

The Remuneration Report outlines the Company's key remuneration activities during the financial year ended 30 June 2020 and remuneration information pertaining to the Company's Directors and senior management personnel who are the key management personnel (*KMP*) of the Group for the purpose of the Corporations Act and Accounting Standards. These are the personnel who have authority and responsibility for planning, directing and controlling the activities of the Company.

The report is structured as follows:

1. Remuneration Governance
2. Directors and Key Management Personnel (*KMP*)
3. Remuneration Policy
4. Remuneration Components
5. Relationship between Remuneration and Group Performance
6. Details of Directors' and KMP Remuneration
7. Key Terms of Employment Contracts
8. Terms and Conditions of Share-based Payment Arrangements
9. Directors and KMP Equity Holdings
10. Other Transactions with Directors and KMP

1. REMUNERATION GOVERNANCE

Consistent with the Board's Charter, the Board has taken the decision that at this early stage of the Company's growth a separate Remuneration and Nomination Committee is not warranted. Accordingly, the Board as a whole carries out the functions of the Remuneration and Nomination Committee, as described in the Committee Charter. Where appropriate, this is undertaken by Non-executive Directors only, without the presence or participation of the Executive Director/s.

Functions

The Board reviews any matters of significance affecting the remuneration of the Board and employees of the Company.

The primary remuneration purpose of the Board is to fulfil its responsibilities to shareholders, including by:

a. Ensuring that the approach to executive remuneration demonstrates a clear relationship between key executive performance and remuneration;

b. Fairly and responsibly rewarding executives, having regard to the performance of the Company, the performance of the executive and the prevailing remuneration expectations in the market;

c. Reviewing the Company's remuneration, recruitment, retention and termination policies and procedures for senior management;

d. Reviewing and approving any equity-based plans and other incentive schemes;

e. Clearly distinguishing the structure of Non-executive Director (*NED*) remuneration from that of executive directors and senior executives, and recommending NED remuneration to the Board;

f. Arrange the performance evaluation of the Board, its Committees, individual Directors and senior executives on an annual basis; and

g. Oversee the annual remuneration and performance evaluation of the senior executive team.

The Board considered remuneration of the Non-executive Directors in detail in the first half of the financial year as part of the due diligence process of preparation of the Prospectus for the Initial Public Offer (*IPO*) leading to initial ASX listing of the Company on 20 April 2020. A remuneration review for the Managing Director for FY20 was undertaken in FY20 and implemented effective from 1 July 2019 at the time of refreshing the Managing Director's employment agreement in preparation for the IPO. The Board has adopted protocols for engaging and seeking advice from independent remuneration consultants. In FY20, some benchmarking of executive remuneration was undertaken in consultation with recruitment consultants however no remuneration recommendations were provided by remuneration consultants.

Further information about remuneration structures and the relationship between remuneration policy and company performance is set out below.

The Board Charter and the Remuneration and Nomination Committee Charter, which outlines the terms of reference under which the Committee operates, are available in the Corporate Governance Plan at **www.aml3d.com/investors**

2. DIRECTORS AND KEY MANAGEMENT PERSONNEL (*KMP*)

The directors and KMP of the Group during the year were:

	Period of Responsibility in FY20	Position
NON-EXECUTIVES		
Stephen Gerlach	**From 30 August 2019**	**Independent Non-executive Chairman**
Leonard Piro	**From 30 August 2019**	**Independent Non-executive Director**
Kevin Reid	**From 3 December 2019**	**Independent Non-executive Director**
EXECUTIVES		
Andrew Sales	**Full year**	**Managing Director**
Sean Ebert	**From 30 August 2019**	**Executive Director**
Benjamin Hodgson	**From 4 November 2019**	**Chief Financial Officer (*CFO*)**

3. REMUNERATION POLICY

The Company's remuneration framework for Directors and senior executives has been designed to remunerate fairly and responsibly, balancing the need to attract and retain key personnel with a prudent approach to management of costs.

The Board's policy for determining the nature and amount of remuneration for Board members and senior executives of the Company is as follows.

Non-Executive Director Remuneration

The Board aims to remunerate each Non-executive Director (*NED*) for their time, commitment and responsibilities at market rates for comparable companies. The Board determines the annual level of fees payable to Non-executive Directors and intends to review their remuneration annually, based on market practice, duties and accountability and subject to the maximum aggregate amount per annum as approved by shareholders. Fees for Non-executive Directors are not linked to the performance of the Group, other than participation in share options (refer to section 8 for share option plans).

The Board approves a letter of appointment setting out the key terms and conditions of appointment for each Non-executive Director. Non-executive Directors receive statutory superannuation guarantee payments and do not receive any other retirement benefits.

Executive Remuneration

The Board reviewed the executive structure and framework in FY20 in detail during the due diligence process leading to the prospectus and IPO. A further review of the employment arrangements for the CFO and general staff, including newly recruited personnel, was undertaken by the Managing Director in the post-IPO period and reported to the Board. It is intended that annual reviews will be undertaken by the Board to ensure that the remuneration framework remains aligned to business needs.

The Board aims to ensure that remuneration practices are:

- Competitive and reasonable, enabling the Company to attract and retain key talent; and
- Aligned to the Company's strategic and business objectives and the creation of shareholder value.

4. REMUNERATION COMPONENTS

Non-Executive Directors

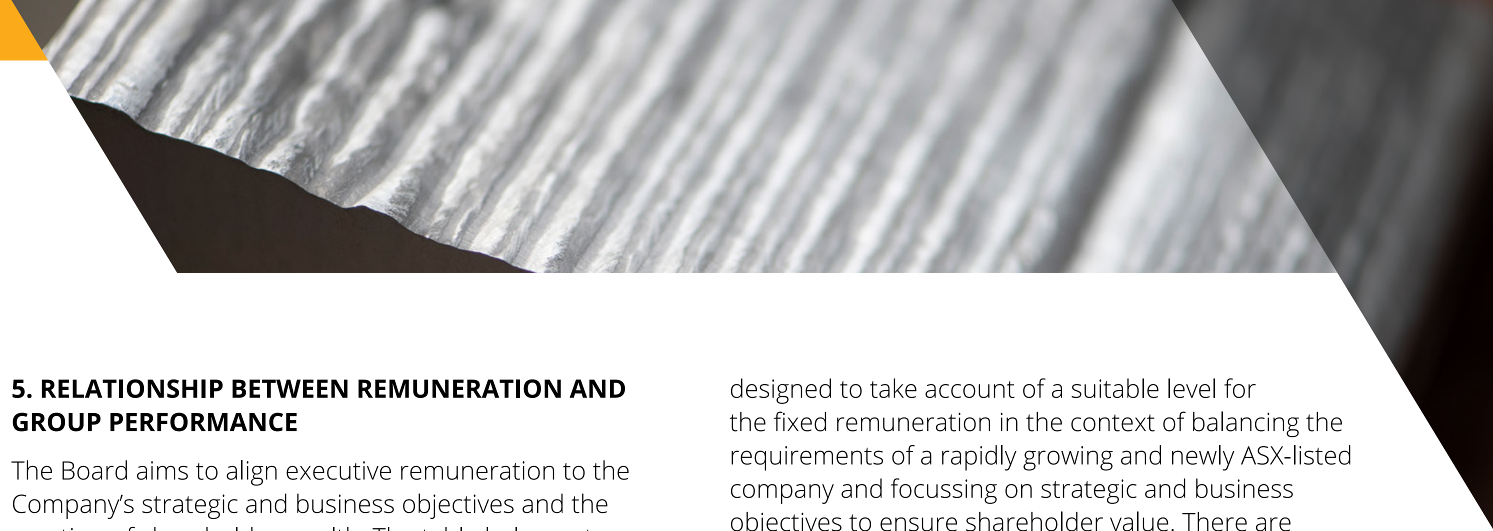
Non-executive Directors receive a fixed fee for their participation on the Board. No additional fee is paid for service on Board sub-committees. Directors do not receive performance-based incentives but they are eligible, subject to shareholder approval, for the grant of options that do not include performance-based vesting criteria.

Non-Executive Director fees are determined by the Board within an aggregate fee pool limit as approved by shareholders. The current aggregate fee pool, as set out in the Constitution in Rule 14.8 detailing initial fees to Directors, is $400,000.

In addition, Directors are eligible to participate in the Concessional Option Plan and the Share Rights and Option Plan, subject to approval by shareholders.

Executives

Executive remuneration comprises fixed remuneration (salary) and may include short-term and long-term incentive plan components. These are set with reference to the Company's performance and the market. Fixed remuneration, which reflects the individual's role and responsibility as well as their experience and skills, includes base pay and statutory superannuation. Remuneration at risk may be provided through short-term and long-term incentive plan components, linked to performance measured against operational and financial targets set by the Company, designed to achieve operational and strategic targets for the sustainable growth of the Company and long-term shareholder value. No short-term or long-term incentive elements were implemented for KMP in the financial year ended 30 June 2020. The Board will review the remuneration framework during the coming year.



5. RELATIONSHIP BETWEEN REMUNERATION AND GROUP PERFORMANCE

The Board aims to align executive remuneration to the Company's strategic and business objectives and the creation of shareholder wealth. The table below sets out key metrics in respect of the Group's performance over the past five years. The remuneration framework is designed to take account of a suitable level for the fixed remuneration in the context of balancing the requirements of a rapidly growing and newly ASX-listed company and focussing on strategic and business objectives to ensure shareholder value. There are currently no short-term or long-term incentives on foot.

	2020 ($)	2019 ($)	2018 ($)	2017 ($)	2016 ($)
Cash and cash equivalents ($)	8,227,986	1,158,109	404,136	25,344	6,052
Net assets/equity	9,712,920	(113,666)	480,145	(135,659)	(92,763)
Revenue	288,516	36,057	4,065	-	-
EBITDA	(3,008,192)	(595,966)	(26,298)	(315,486)	(61,873)
Underlying loss before income tax	(3,094,021)	(680,836)	(50,301)	(352,496)	(84,163)
Loss from ordinary activities after income tax expense ($)	(3,094,021)	(680,836)	(50,301)	(352,496)	(84,163)
No of issued shares	132,366,163	12,320,250	11,782,750	10,050,000	4
Basic earnings per share (cents)[1]	(3.8)	(1.3)	(0)	(1)	(4,969)
Diluted earnings per share (cents)[1]	(3.8)	(1.3)	(0)	(1)	(4,969)
Share price at start of year[2]	0.20	N/A	N/A	N/A	N/A
Share price at end of year	0.155	N/A	N/A	N/A	N/A
Market capitalisation (Undiluted) ($)	20,516,755	N/A	N/A	N/A	N/A
Interim and final dividend	N/A	N/A	N/A	N/A	N/A

[1] Basic earnings per share and diluted earnings per share have been retrospectively restated to account for a capital restructure of shares. A capital reconstruction was undertaken on 29 July 2019 and 4.2348 shares were issued for every 1 share. The number of shares issued in the previous financial periods have been multiplied by 4.2348 for the purpose of EPS calculation.

[2] The Company was incorporated in 2014 as a proprietary company and was changed to an unlisted public company on 5 December 2019. Share price at start of FY20 is shown as at commencement of ASX quotation on 20 April 2020 following admission to the official list of ASX on 16 April 2020, based on the value of shares taken up pursuant to the prospectus.

6. DIRECTOR AND KMP REMUNERATION

Remuneration for the financial year ended 30 June 2020

	Short-term employee benefits ($)				Post-employment ($)	Share-based payments ($)		
	Salary & Fees	Short-term incentive	Annual leave	Other	Superannuation	Shares	Options[2]	Total share-based payments
NON-EXECUTIVE DIRECTORS[1]								
Stephen Gerlach	40,000	-	-	-	3,800	-	150,470	150,470
Leonard Piro[3]	26,666	-	-	-	2,533	105,000	120,376	225,376
Kevin Reid	26,666	-	-	-	2,533	-	30,094	30,094
Subtotal	**93,332**	**-**	**-**	**-**	**8,866**	**105,000**	**300,940**	**405,940**
EXECUTIVES[1]								
Andrew Sales	220,066	-	5,502	-	20,906	-	-	-
Sean Ebert[4,5]	96,666	-	-	-	2,533	50,000	120,376	170,376
Benjamin Hodgson[6]	121,200	-	-	-	-	-	-	-
Subtotal	**437,932**	**-**	**5,502**	**-**	**23,439**	**50,000**	**120,376**	**170,376**
TOTAL	**531,264**	**-**	**5,502**	**-**	**32,305**	**155,000**	**421,316**	**576,316**

	Termination ($)	Other long-term benefits ($)	Total ($)	Total 'at risk' (%)
NON-EXECUTIVE DIRECTORS[1]				
Stephen Gerlach	-	-	194,270	-
Leonard Piro[3]	-	-	254,575	-
Kevin Reid	-	-	59,293	-
Subtotal	**-**	**-**	**508,138**	**-**
EXECUTIVES[1]				
Andrew Sales	-	-	246,474	-
Sean Ebert[4,5]	-	-	269,575	-
Benjamin Hodgson[6]	-	-	121,200	-
Subtotal	**-**	**-**	**637,249**	**-**
TOTAL	**-**	**-**	**1,145,387**	**-**

[1] Refer to section 2 of this report for KMP commencement dates.

[2] Options: In accordance with the requirements of the Accounting Standards, remuneration includes the total value of equity-based compensation as determined as at the grant date, as this compensation is not performance-related and there is no residual vesting period. The amount allocated as remuneration is not relative to or indicative of the actual benefit (if any) that the KMP may ultimately realise. The fair value of $0.060188 per option was determined in accordance with AASB2 Share-based Payments, applying the Black-Scholes method. Details of the assumptions underlying the valuation are set out in note 10 to the financial statements.

[3] Shares were issued to Leonard Piro on 7 February 2020 as consideration in lieu of cash for consulting services provided to the Company. Details are provided at section 8 of this report.

[4] Salary and fee remuneration for Sean Ebert comprised Non-executive Director fees of $26,666 as well as $70,000 + GST paid to his controlled entity, Ebert Industries Pty Ltd, for consultancy services and his services as an Executive Director. See details in section 7 of this report.

[5] Shares were issued to Sean Ebert on 7 February 2020 as consideration in lieu of cash for consulting services provided to the Company. Details are provided at section 8 of this report.

[6] Services were provided by Benjamin Hodgson through his controlled entity, Philhodge Business Services Pty Ltd. See details in section 7 of this report.

Remuneration for the financial year ended 30 June 2019

	Short-term employee benefits ($)				Post-employment ($)	Share-based payments ($)		
	Salary & Fees	Short-term incentive	Annual leave	Other	Superannuation	Shares	Options[2]	Total share-based payments
NON-EXECUTIVE DIRECTORS[1]								
Graham Durtanovich[2]	30,000	-	-	-	-	-	-	-
EXECUTIVES[1]								
Andrew Sales[3]	153,818	-	-	-	-	-	-	-
TOTAL	**183,818**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

	Termination ($)	Other long-term benefits ($)	Total ($)	Total 'at risk' (%)
NON-EXECUTIVE DIRECTORS[1]				
Graham Durtanovich[2]	-	-	30,000	-
EXECUTIVES[1]				
Andrew Sales[3]	-	-	153,818	-
TOTAL	**-**	**-**	**183,818**	**-**

[1] During the financial year ended 30 June 2019, Sean Ebert was paid $5,000 for consulting services through his controlled entity Ebert Industries Pty Ltd and Leonard Piro was paid $24,500 for consulting services. Neither Sean Ebert nor Leonard Piro was considered to be KMP in the financial year ended 30 June 2019. Refer to section 2 of this report for commencement dates as KMP in the financial year ended 30 June 2020 upon their appointments as Non-executive Directors.

[2] Graham Durtanovich was a KMP only during the period he was a Non-executive Director between 4 January 2019 and 28 February 2019. No remuneration was paid specifically as Director's fees in respect of this role. During the financial year consulting fees were paid for accounting and corporate advisory services provided through his controlled entities Connected Energy Solutions Pty Ltd trading as Chaperon Corporate ($10,000 + GST) and Energy Capital Partners Pty Ltd ($20,000 + GST).

[3] During the financial year ended 30 June 2019, remuneration for Andrew Sales was paid to his controlled entity La Vida Investments Pty Ltd under a consultancy agreement with the Company.

7. KEY TERMS OF EMPLOYMENT CONTRACTS

Non-Executive Directors

The Company has entered into Non-Executive Director letters of appointment with each of Stephen Gerlach, Leonard Piro, Kevin Reid and Sean Ebert (*Letters of Appointment*). Under temporary arrangements, Sean Ebert has acted as an Executive Director (see below). Each of the Letters of Appointment provide that amongst other things, in consideration for their services, **the Company will pay the following fees, exclusive of statutory superannuation:**

Chairman	**$60,000 per annum**
Non-Executive Directors	**$40,000 per annum[1]**

[1]Additional consulting fees are payable to Sean Ebert's consulting company under the agreement for services as an Executive Director described above.

Each Non-Executive Director is also entitled to be reimbursed reasonable expenses incurred in performing their duties.

The appointment of the Non-Executive Directors is subject to the provisions of the Constitution and the ASX Listing Rules relating to retirement by rotation and re-election of directors. The appointment of a Non-Executive Director will automatically cease at the end of any meeting at which the relevant Director is not re-elected as a Director by shareholders. A Director may terminate their directorship at any time by advising the Board in writing.

The Letters of Appointment otherwise contain terms and conditions that are considered standard for agreements of this nature and are in accordance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th Ed).

Executives

Managing Director

The Company has entered into an executive services agreement with Andrew Sales, whereby he was engaged as the Managing Director and Chief Executive officer (Managing Director) of the Company. Andrew Sales receives a base salary of $220,000 per annum (exclusive of superannuation) for services rendered under the executive services agreement. The Company will also, subject to certain conditions, reimburse the Managing Director for all reasonable travelling intra/interstate or overseas, accommodation and general expenses incurred in the performance of all duties in connection with the business of the Company. There is no short-term or long-term incentive component to his remuneration.

The termination provisions in the executive services agreement are on standard commercial terms and generally require a minimum period of notice prior to termination. In the event that the Company elects to terminate the executive services agreement without reason, it must pay the Managing Director the salary payable over a six-month period.

Executive Director

Sean Ebert was appointed as a Non-Executive Director of the Company, however in order to assist the Company in preparation for the lodgement of the prospectus and immediate post-IPO tasks, the Company entered into an Executive Services Agreement with Ebert Industries Pty Ltd (an entity controlled by Sean Ebert) for the provision of executive services to the Company (*Ebert Agreement*) from 4 November 2019 until a month following the IPO. Sean Ebert, as the person nominated by the contracted party is appointed as an Executive Director of the Company by virtue of the Ebert Agreement. This agreement was subsequently extended from May 2020, to be reviewed by the Board on a monthly basis, for executive services provided to the Company in the post-IPO establishment and growth phase. The services include representing AML3D as an Executive Director, including for investor presentations, as well provision of support in establishing the Company's post-IPO operations inclusive of support to the Managing Director.

In addition to Sean Ebert's Non-Executive Director's fee of $40,000 per annum (exclusive of statutory superannuation), the Company paid a fee of $5,000 per month (inclusive of superannuation and leave entitlements, if any) for the provision of executive services to the Company for the period until 1 month after IPO. This was amended to $10,000 per month effective from May 2020. Sean Ebert is entitled to reasonable expenses properly incurred whilst undertaking his respective duties. There is no short-term or long-term incentive component to this remuneration. In accordance with Rule 14.9 of the Company's Constitution, the remuneration under the Ebert Agreement is considered to be for extra services in addition to his standard remuneration as part of the aggregate director fee pool, for his role as a Non-Executive Director.

The Ebert Agreement may be terminated by either party with 1 month's written notice and otherwise includes standard commercial terms and conditions.

Under a separate arrangement for provision of additional consulting services prior to IPO, Sean Ebert was remunerated by the allotment of shares to Ebert Industries Pty Ltd the value of $50,000. Further details are provided in section 8 of this Remuneration Report.

Chief Financial Officer

During FY20, Benjamin Hodgson's services as Chief Financial Officer (CFO) were undertaken in accordance with a contractor agreement between the Company and Philhodge Business Services Pty Ltd, an entity controlled by Benjamin Hodgson (CFO Agreement). Under the CFO Agreement, Philhodge Business Services Pty Ltd provides the services of Benjamin Hodgson in the position of CFO at an all-inclusive hourly rate of $100 plus GST for such number of hours per month as may be directed by the Company. The contract is ongoing and subject to termination by either party with a notice period of 1 day. No short-term or long-term incentives are included in the remuneration arrangements. A review of the contractual arrangements was undertaken in July 2020 and the remuneration under the CFO Agreement was amended to a rate of $158,000 plus GST per annum, invoiced in equal monthly payments effective from July 2020, based on a full-time position. The CFO Agreement otherwise includes standard commercial terms.

8. TERMS AND CONDITIONS OF SHARE-BASED PAYMENT ARRANGEMENTS

Shares were issued to Directors Leonard Piro and Sean Ebert on 7 February 2020 as consideration in lieu of cash for consulting services provided to the Company. 700,000 fully paid ordinary shares were issued to Leonard Piro at a share price of $0.15 each in settlement of an amount of $105,000 for consulting services in the period 13 April 2017 to 29 October 2019. 250,000 fully paid ordinary shares were issued to Sean Ebert at a share price of $0.20 each in settlement of an amount of $50,000 for consulting services in FY20.

The key terms and conditions of the grant of share options affecting the remuneration of Directors and KMP in the current and future reporting periods are as follows. These options are subject to ASX-imposed escrow restrictions for a period of 24 months from the date of IPO and subject to further restrictions for a period of 3 years from the date of issue in accordance with the terms of the Concessional Incentive Option Plan under which these options were issued.

Grant Date	4 Dec 2019
Vesting Date	4 Dec 2019
Expiry Date	4 Dec 2024
Exercise Price	$0.30
Number Granted	7,000,000
Fair Value per option at grant	$0.06

Concessional Incentive Option Plan

The key terms of the Concessional Incentive Option Plan are as follows:

Eligibility	Employees, contractors or directors (Participants)
Offers	The Board may in its absolute discretion make a written offer to any Participant to apply for options upon the terms set out in the Concessional Incentive Option Plan and upon such additional terms and conditions as the Board determines.
Vesting Conditions	Options may be made subject to vesting conditions. Options will only vest while the Participant remains employed, engaged or is an officer of the Company. Where a Participant becomes a: • Good Leaver, unless the Board in its sole and absolute discretion determines otherwise, unvested options will lapse and vested options that have not been exercised will remain exercisable for a period of 3 months; • Bad Leaver, unvested options will lapse and subject to the discretion of the Board, vested options that have not been exercised will lapse on the date of cessation of employment, engagement or office of the Participant.
Disposal	Disposal restrictions apply, including either 3 years after the date of issue of the option or when the optionholder ceases to be a Participant.

Details of the Concessional Incentive Option Plan were included in the Company's Prospectus and a copy of the Plan was released to the ASX market announcements platform on 16 April 2020. A copy of the Concessional Incentive Option Plan is available on the Company's website at **www.aml3d.com/investors**

Performance Rights and Option Plan

A Performance Rights and Option Plan is also in place to accommodate future long-term remuneration incentives but as at the date of this report no grants of performance rights or options have been made pursuant to this plan. Details of the Performance Rights and Option Plan were included in the Company's Prospectus and a copy of the Plan was released to the ASX market announcements platform on 16 April 2020. A copy of the Performance Rights and Option Plan is available on the Company's website at **www.aml3d.com/investors**

9. DIRECTOR AND KMP EQUITY HOLDINGS

Details of the number of ordinary shares held by Directors and KMP in the Company are set out below.
This includes shares held directly, indirectly or beneficially by Directors and KMP, including related party holdings.

	Balance at 1 Jul 2019	Purchased	Sold	Other changes	Balance at 30 Jun 2020
NON-EXECUTIVE DIRECTORS					
Stephen Gerlach[1]	-	233,334	-	-	233,334
Leonard Piro[2]	-	100,000	-	700,000	800,000
Kevin Reid[3]	-	58,334	-	-	58,334
EXECUTIVES					
Andrew Sales[4]	9,375,000	550,000	-	30,326,250	40,251,250
Sean Ebert[5]	-	741,666	-	250,000	991,666
Benjamin Hodgson[6]	-	83,334	-	-	83,334
TOTAL	**9,375,000**	**1,766,668**	**-**	**31,276,250**	**42,417,918**

Details of the number of options held by Directors and KMP in the Company are set out below.
This includes options held directly, indirectly or beneficially by Directors and KMP, including their related parties.

	Balance at 1 July 2019	Granted	Purchased	Options Exercised	Expired/ Lapsed	Balance at 30 June 2020	Vested	Unvested
NON-EXECUTIVE DIRECTORS								
Stephen Gerlach	-	2,500,000	66,667	-	-	2,566,667	2,566,667	-
Leonard Piro	-	2,000,000	50,000	-	-	2,050,000	2,050,000	-
Kevin Reid	-	500,000	16,667	-	-	516,667	516,667	-
EXECUTIVES								
Andrew Sales	-	-	100,000	-	-	100,000	100,000	-
Sean Ebert	-	2,000,000	333,333	-	-	2,333,333	2,333,333	-
Benjamin Hodgson	-	-	16,667	-	-	16,667	16,667	-
Total	**-**	**7,000,000**	**583,334**	**-**	**-**	**7,583,334**	**7,583,334**	**-**

[1] Stephen Gerlach: 33,334 shares are subject to escrow for 24 months from IPO.

[2] 700,000 shares were issued to Leonard Piro on 7 February 2020 as non-cash consideration for consulting services. 725,000 shares are subject to escrow for 24 months from IPO.

[3] Kevin Reid: 8,334 shares are subject to escrow for 24 months from IPO.

[4] A capital reconstruction was undertaken on 29 July 2019 and 4.2348 shares were issued for every 1 share (rounded up to the nearest whole share). The 9,375,000 shares held by Andrew Sales at 1 July 2019 were converted to 39,701,250 shares. 39,751,233 shares are subject to escrow for 24 months from IPO.

[5] 250,000 shares were issued to Sean Ebert on 7 February 2020 as non-cash consideration for consulting services. 416,667 shares are subject to escrow for 24 months from IPO.

[6] 8,334 shares held by Benjamin Hodgson are subject to escrow to 19 December 2020.

Not all options were granted as part of KMP remuneration. Options shown as purchased were obtained upon purchase of shares in the pre-IPO seed capital raising, which included attached options on the basis of 1 option for every 2 shares; these shares and options were purchased under the same terms and conditions as all other investors in the pre-IPO seed capital raising.

All options held by Directors are subject to escrow restrictions for 24 months following the date of IPO. Options held by Benjamin Hodgson are subject to escrow restrictions until 19 December 2020. Options may be exercised during the restriction period but shares issued as a result of exercise will remain subject to the restriction period applicable to the options. Terms of the options granted to Directors are provided in section 8 of this report.

10. OTHER TRANSACTIONS WITH DIRECTORS AND KMP

A loan from the Managing Director to the Company was repaid during the year ended 30 June 2020. No loans were made to or from Directors or KMP and the Company during the year ended 30 June 2020. In the previous financial year a related party payable existed between the Company and the Managing Director, to the value of $33,931, as at 30 June 2019. No formal agreement was in place and no interest was payable in respect of this related party payable between the Company and the Managing Director. The Managing Director provided a letter of support that his Director Loans owing would not be called on in full within 12 months of the date of signing of the financial report for the year ended 30 June 2019 (which was signed on 23 December 2019); the amount was in any case settled in full by the Company during the financial year ended 30 June 2020.

There have been no transactions with Directors and KMP other than those described in this Remuneration Report.

Related Party Transactions

Details of transactions with related parties including KMP are provided at Note 26 to the financial statements.

- End of Remuneration Report -

OPTIONS AND SHARE RIGHTS

Holders of options and share rights do not have any rights to participate in any issue of shares or other interests of the Company or any other entity.

During the financial year ended 30 June 2020, 17,166,179 options were issued (2019: Nil). No shares were issued on the exercise of options during the financial year ended 30 June 2020 (2019: Nil).

No share rights were issued (2019: Nil).

As at the date of this report, the unissued ordinary shares of the Company under option are as follows.

Grant date	Expiry Date	Exercise Price	Number of Options
30 July 2019	30 July 2023	$0.30	2,000,000
4 December 2019	4 December 2024	$0.30	7,500,000[1]
19 December 2019	30 June 2021	$0.30	6,297,846
30 January 2020	30 June 2021	$0.30	368,333
3 April 2020	30 June 2021	$0.30	1,000,000
Total			**17,166,179**

Details of options issued to Directors are provided in the Remuneration Report commencing on page 15.

There have been no options or share rights granted over unissued shares or interests of the controlled entity within the Group during or since the reporting period.

CONVERTING LOAN AGREEMENTS

During the preceding financial year ended 30 June 2019, the Company entered into Converting Loan Agreements (*CLAs*) to a total value of $1,726,000, convertible to shares at IPO on the basis of 50% of the IPO price of $0.20, i.e. $0.10 each. During the financial year ended 30 June 2020, all CLAs converted to shares prior to IPO, resulting in the issue of a total of 17,260,000 shares.

PROCEEDINGS ON BEHALF OF THE 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 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 financial year.

[1]Comprises 7,000,000 options issued to Directors and 500,000 options issued to the Company Secretary.

INDEMNIFICATION AND INSURANCE OF OFFICERS OR AUDITOR

During the financial year, in accordance with the provisions of the Company's Constitution, the Company paid a premium in respect of a contract insuring the Directors of the Company, the Company Secretary and all Executive Officers of the Company against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001 (Cth). The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

In accordance with the Constitution, the Company has entered into Deeds of Indemnity in favour of each of the current Directors and Company Secretary. The indemnities operate to the full extent permitted by law. The Company is not aware of any liability having arisen, and no claims have been made during or since the financial year ending 30 June 2020 under the Deeds of Indemnity.

The Company's subsidiary, AML Technologies (Asia) Pte Limited has provided a letter of indemnity to its Company Secretary.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnity an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

NON-AUDIT SERVICES

The Board is satisfied that the provision of non-audit services by its auditor, William Buck, during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the non-audit services provided by the auditors during the year did not compromise the external auditor's independence. The fees paid or payable to William Buck for non-audit services are set out in Note 11 of the financial report. The non-audit services provided were the preparation of an Investigating Accountant's Report in respect of the Company's IPO Prospectus and tax compliance services.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 25 of this annual report.

This Directors' Report is signed in accordance with a resolution of Directors made pursuant to s298(2) of the Corporations Act 2001.

On behalf of the Directors

Stephen Gerlach

Stephen Gerlach AM
Chairman
30 September 2020

Auditor’s Independence Declaration

Auditor’s Independence Declaration Under Section 307c Of The Corporations Act 2001 To The Directors Of AML3D Limited

I declare that, to the best of my knowledge and belief during the year ended 30 June 2020 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

William Buck
ABN: 38 280 203 274

M.D. King
Partner

Dated this 30th day of September, 2020 in Adelaide, South Australia.

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Audit Report

William Buck

AML3D Limited

Independent auditor's report to members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of AML3D Limited (the Company and its subsidiary (the Group)), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

(i) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year ended on that date; and

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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	
Research and development expenditure - existence and valuation. Refer also to notes 3(i) and 12.	**How our audit addressed it**
The group incurs significant amounts of research and development costs each year. In 2020 these costs amounted to $799,659. Each year the Group makes an assessment as to the amount it expects to claim from the Australian Government by the way of a Research & Development Tax Offset Refund. At 30 June 2020 the amount disclosed as a current trade and other receivable in relation to the refund is $310,000.	Our audit procedures included: – A detailed evaluation of the Group's research and development strategy; – Testing the costs incurred; – Engaging our own taxation specialists to consider the appropriateness of the Group's substantiation for the claim;

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Overall due to the high level of judgement involved, and the significant carrying amount involved, we have determined that this is a key audit matter area that our audit concentrated on.	– Reviewing the historical accuracy by comparing actual Tax offset refunds with the original estimations. We assessed the adequacy of the Group's disclosures in respect of the transactions.
KEY AUDIT MATTER	
Valuation of Share based payments. Refer also to notes 10 and 23.	**How our audit addressed it**
The Group has entered into share-based payment arrangements during the year. Options were issued to provide long term incentives for Directors, executives and consultants to deliver long term shareholder returns. Participation in the plan was at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits. This was a key audit matter because the arrangements required significant judgments and estimations by management, including the following: – The evaluation of the grant date of each arrangement, and the evaluation of the fair value of the underlying share price of the Company as at the grant date; – The evaluation of key inputs into the Black Scholes option pricing model, including the significant judgment of the forecast volatility of the share option over its exercise period. The results of these share-based payment arrangements materially affect the financial statements and disclosures.	Our audit procedures included: — Evaluating the grant dates based on the terms and conditions of the share-based payment arrangements; — Evaluating the fair values of the share-based payment arrangements by understanding and documenting the assumptions used; and — For the specific application of the Black Scholes model, we consulted with our internal experts, retested the assumptions used in the model and recalculated fair values using assumptions that are appropriately reasonable and within industry norms. We also reconciled the vesting of the share-based payment arrangements to disclosures made in both the key management personnel compensation note and the disclosures in the Remuneration Report.

Other Information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:
http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 15 to 23 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of AML3d Limited, for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 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.

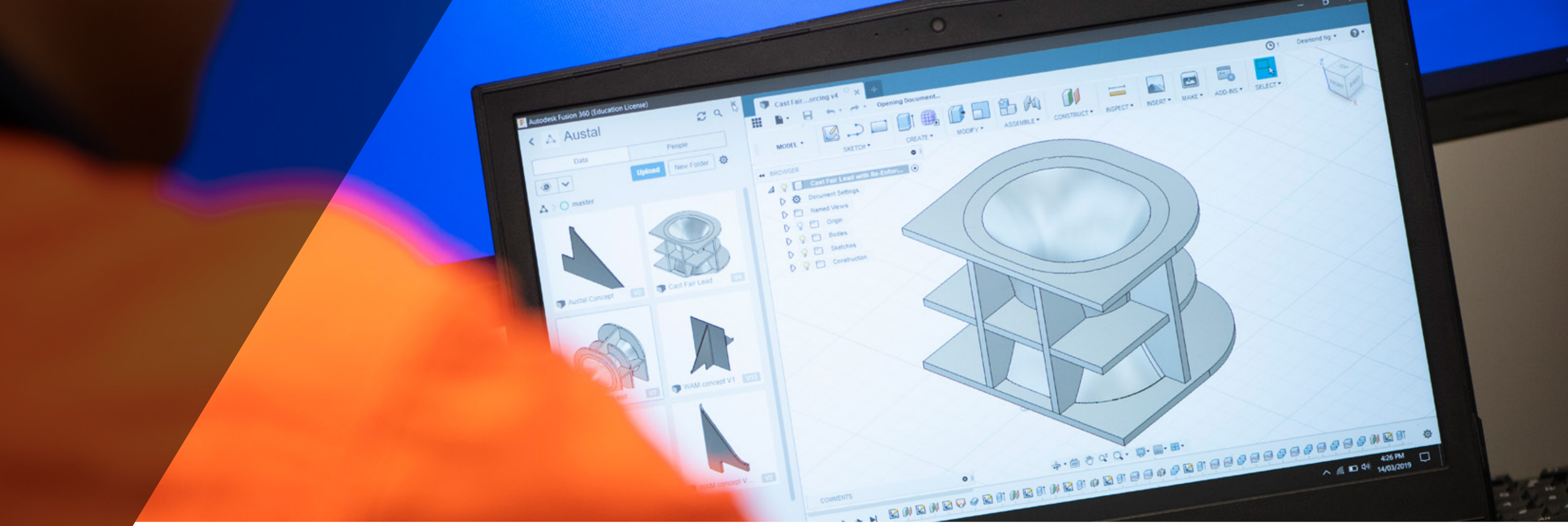
William Buck

William Buck
ABN: 38 280 203 274

M.D. King
Partner

Dated this 30th day of September, 2020 in Adelaide, South Australia.

Financial Statements



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2020

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes, which form an integral part of the financial report.

	Note	Consolidated 2020 ($)	Consolidated 2019 ($)
Revenue	6	288,516	36,057
Cost of goods sold		(69,254)	(108,254)
Gross profit		**219,262**	**(72,197)**
R&D Tax Offset		309,054	252,000
Government grants		126,000	168,446
Interest received		11,780	759
Depreciation and amortisation expense	7	(85,829)	(84,870)
Directors and employees benefit expense	7	(1,016,806)	(356,959)
Professional fees	7	(1,274,755)	(370,287)
Insurance		(53,784)	(5,034)
Travel		(35,273)	(77,006)
Website costs		-	(26,125)
Equity settled share-based payments	10	(966,740)	-
Other expenses		(326,930)	(109,563)
Loss before income tax expense	**7**	**(3,094,021)**	**(680,836)**
Income tax	8	-	-
Loss after tax attributable to the owners of the Company		**(3,094,021)**	**(680,836)**
Other comprehensive (loss) net of tax		-	-
Total comprehensive loss for the year attributable to the owners of the Company		**(3,094,021)**	**(680,836)**
Loss per share (cents)	25	(3.8)	(1.3)
Basic and diluted loss per share (cents)	25	(3.8)	(1.3)

STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

The Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes, which form an integral part of the financial report.

	Note	Consolidated 2020 ($)	Consolidated 2019 ($)
ASSETS			
Current Assets			
Cash and cash equivalents	30	8,227,986	1,158,109
Trade and other receivables	12	706,735	306,415
Inventory	13	112,375	-
Other assets	14	235,240	2,225
Total current assets		**9,282,336**	**1,466,749**
Non-current assets			
Financial assets	15	36,000	-
Property, plant and equipment	16	1,121,552	308,069
Right of use assets	17	411,478	-
Intangible assets	18	41,002	35,839
Total non-current assets		**1,610,032**	**343,908**
TOTAL ASSETS		**10,892,368**	**1,810,657**
LIABILITIES			
Current liabilities			
Trade and other payables	19	738,392	145,740
Borrowings	20	-	1,759,931
Lease liabilities	21	125,098	-
Employee benefits	22	27,953	18,652
Total current liabilities		**891,443**	**1,924,323**
Non-current liabilities			
Lease liabilities	21	288,005	-
Total non-current liabilities		**288,005**	**-**
Total liabilities		**1,179,448**	**1,924,323**
NET ASSETS/(LIABILITIES)		**9,712,920**	**(113,666)**
EQUITY			
Issued capital	23	13,310,772	1,063,130
Accumulated losses	24	(4,270,817)	(1,176,796)
Reserves	23	672,965	-
TOTAL EQUITY		**9,712,920**	**(113,666)**

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2020

The Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes, which form an integral part of the financial report.

	Issued Capital ($)	Share Options Reserve ($)	Accumulated Losses ($)	Total Equity ($)
CONSOLIDATED				
Balance at 1 July 2018	**976,105**	**-**	**(495,960)**	**480,145**
Loss after income tax expense for the year			(680,836)	(680,836)
Shares issued during the year, net of transaction costs	87,025	-	-	87,025
Balance at 30 June 2019	**1,063,130**	**-**	**(1,176,796)**	**(113,666)**
CONSOLIDATED				
Balance at 1 July 2019	**1,063,130**	**-**	**(1,176,796)**	**(113,666)**
Loss after income tax expense for the year	-	-	(3,094,021)	(3,094,021)
Shares issued during the year, net of transaction costs	12,247,642	-	-	12,247,642
Share options issued during the year	-	672,965	-	672,965
Balance at 30 June 2020	**13,310,772**	**672,965**	**(4,270,817)**	**9,712,920**

STATEMENT OF CASHFLOWS

For the year ended 30 June 2020

The Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes, which form an integral part of the financial report.

	Note	Consolidated 2020 ($)	Consolidated 2019 ($)
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		129,806	39,663
Receipts from Government grants		119,225	153,720
Receipts from R&D Tax Incentive		250,353	103,288
Payments to suppliers and employees		(2,692,923)	(985,285)
Interest received		8,330	759
Net cash (used in) operating activities	**30**	**(2,185,209)**	**(687,855)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for intangible assets		(26,685)	(18,848)
Payment for financial asset – Term deposit		(36,000)	-
Purchase of plant and equipment		(826,085)	(200,711)
Net cash (used in) investing activities		**(880,770)**	**(219,559)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the issues of shares, net of costs		10,227,867	87,025
Proceeds from the issue of convertible notes		-	1,726,000
Repayment of borrowings		(84,011)	(151,638)
Net cash provided by financing activities		**10,143,856**	**1,661,387**
Net increase in cash and cash equivalents held		7,069,877	753,973
Cash and cash equivalents at the beginning of year		1,158,109	404,136
Cash and cash equivalents at end of financial year	**30**	**8,227,986**	**1,158,109**

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

AML3D Limited ("AML3D" or the "Company") is a limited liability company incorporated in Australia, whose shares are listed on the ASX.

The financial statements were authorised for issue by the directors on 30 September 2020. The Directors have the power to amend and reissue the financial statements.

The financial statements comprise the consolidated financial statements of the Company and its controlled entity (the "Group"). The principle accounting policies adopted in the preparation of these consolidated financial statements are set out below or included in the accompanying notes. Unless otherwise stated, these policies have been consistently applied to all the years presented.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and the Corporations Act 2001 (Cth). The Company is a for profit entity for the purpose of preparing the financial statements.

The consolidated financial statements of AML3D comply with International Financial Reporting Standards issued by the International Accounting Standards Board (*IASB*).

The consolidated financial statements have been prepared on an accruals basis, except for cashflow information and are based on historical costs, except for the circumstances where the fair value method has been applied as detailed in these accounting policies.

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.

Comparatives are consistent with prior years, unless otherwise stated.

(b) 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.

A list of subsidiaries is provided in Note 33.

(ii) 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.

(c) Taxation

(i) Income tax

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

Current income tax expense/(income) 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 assets and deferred tax liabilities during the year as well as unused tax losses.

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 and 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 substantially 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.

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.

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

Current tax assets and liabilities are offset where a legally enforceable right of offset 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.

(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 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 Statement of Financial Position.

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 included in cash inflows from operations or payments to suppliers and employees.

(d) Plant and equipment

(i) Recognition and measurement

Items of plant and equipment are measured on the cost basis and carried at cost less accumulated depreciation and impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not more than the recoverable amount from these assets. The recoverable amount is assessed based on the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

Where parts of an item of plant and equipment have different useful lives, they are accounted for as separate items of plant and equipment.

(ii) Subsequent costs

The cost of replacing part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. Any costs of the day-to-day servicing of plant and equipment are recognised in the Statement of Profit or Loss and Other Comprehensive Income as an expense as incurred.

(iii) Depreciation

Depreciation is charged to the statement of profit or loss and other comprehensive income on a straight-line basis over the asset's useful life to the Group commencing from the time the asset is held ready for use.

Depreciation rates and methods are reviewed annually for appropriateness. The straight-line depreciation rates used for the current period are as follows:

Class of fixed asset	Depreciation rate (%)
Office and Computer equipment	20 - 33
Plant and Equipment	10 - 20
Motor Vehicles	22.5
Leasehold improvements	over the term of the lease

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of an item of plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of plant and equipment and are recognised net within "other income" in the Statement of profit or loss and other comprehensive income.

(e) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets (see accounting policy 2(c) 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 asset groups. Impairment losses are recognised in the statement of profit or loss and other comprehensive income, 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 statement of profit or loss and other comprehensive income. Impairment losses recognised in respect of cash-generating units are allocated to 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 flows, 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.

(f) Financial instruments

(i) Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the entity commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted. Trade receivables are initially measured at the transaction price if the trade receivables do not contain significant financing component or if the practical expedient was applied.

(ii) Classification and Subsequent Measurement

Financial Liabilities

A financial liability is measured at fair value through profit and loss if the financial liability is:

- A contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies;
- Held for trading; or
- Initially designated as "at fair value through profit or loss".

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent they are not part of a designated hedging relationship are recognised in profit or loss.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and are not subsequently reclassified to profit or loss. Instead, they are transferred to retained earnings upon derecognition of the financial liability. If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability is derecognised when it is extinguished (i.e. when the obligation in the contact is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in the Statement of Profit or Loss, and other comprehensive income.

Financial Assets

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- The financial asset is managed solely to collect contractual cash flows; and
- The contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

- The contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified; and
- The business model for managing the financial assets comprises both contractual cash flows' collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts, if any, are shown within short-term borrowings in current liabilities on the Statement of financial position.

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 uncollectable. An impairment provision is raised for any doubtful amounts.

Trade and other payables

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

(iii) Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (*ECL*) basis for the following assets:

- financial assets measured at amortised cost
- debt investments measured at FVOCI

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment and including forward looking information.

The Group uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Group uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Group in full, without recourse to the Group to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Impairment of trade receivables is determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected losses.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Group recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

(iv) Finance income and expenses

Finance income comprises interest income on funds invested, gains on the disposal of 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.

(g) Employee benefits

(i) Short-term employee benefits

Provision for employee benefits for wages, salaries, annual leave and long service leave that are expected to be settled wholly within 12 months of the reporting date represent obligations resulting from the employee's 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 payroll on-costs, such as worker's compensation insurance and payroll tax.

(ii) Other long-term employee benefits

The Group's obligation in respect of long-term employee benefits 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. The discount rate applied is determined by reference to market yields on high quality corporate bonds at the reporting date that have maturity dates approximating the terms of the Group's obligations.

(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 into 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 statement of profit or loss and other comprehensive income as incurred.

(iv) Equity-settled compensation

The Group operates an employee share option plan. The fair value of options granted is recognised as an employee benefit 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, considering 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.

(h) 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 result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amount required to settle the obligation at the end of the reporting period.

(i) Leases

The Group as Lessee

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right of use asset and a corresponding lease liability are recognised by the Group where the Group is a lessee. However, all contracts that are classified as short term leases (i.e. a lease with a remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- Fixed lease payments less any lease incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options;

- Lease payments under extension options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right of use assets are recognised at an amount equal to the lease liability at the initial date of application, adjusted for previously recognised prepaid or accrued lease payments. The subsequent measurement of the right of use asset is at cost less accumulated depreciation and impairment losses.

Right of use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest.

Where a lease transfers ownership of an underlying asset or the cost of the right of use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

(j) Revenue and other income

(i) Revenue from Contracts with Customers

The core principle of AASB 15: Revenue from Contracts with Customers is that revenue is recognised on a basis that reflects the transfer of promised goods or service to customers at an amount that reflects the consideration the Group 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;

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

Following the adoption of AASB 15, the Group's revenue recognition accounting policy is that:

The Group derives revenue from the sale of 3D printed metal structures and the sale or right to use of 3D metal printing machines. Revenue from the sale of manufactured metal structures and sale of 3D metal printing machines is recognised upon delivery to the customer. Revenue from right to use 3D metal printing machines is recognised once performance milestones in the contract are satisfied. Broadly, these milestones relate to the delivery of software, training and the machine itself. The customer has the option to make a further payment in order to take ownership of the machine.

(ii) Grant revenue

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

All revenue is stated net of the amount of GST.

(k) 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. Currently, the group comprises one operating segment. Further details of the segment reporting are disclosed in Note 28.

(l) Intangible assets

(i) Patents and Trademarks

Costs incurred for patents and trademarks are capitalised and amortised over the life of the patent or trademark. The residual value and useful life are reviewed at each balance date and adjusted if appropriate. Amortisation is calculated on a straight-line basis over periods ranging from 1 to 5 years.

(ii) Software and website development costs

Costs incurred in acquiring software and licences that will contribute to future period financial benefits through revenue generation and or cost reduction are capitalised. Amortisation is calculated on a straight-line basis over periods ranging from 1 to 3 years.

(m) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statement of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is AML3D's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency 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 year end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement or deferred in equity if the gain or loss relates to a qualifying cash flow hedge.

(iii) Foreign operations

The results and financial position of all the foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(b) Income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(c) All resulting exchange differences are recognised in other comprehensive income.

(n) Inventory

Inventories consists of raw materials and consumables which are measured at the lower of cost and net realisable value.

(o) Earnings per share

Both the basic and diluted earnings per share have been calculated using the loss attributable to shareholders of the parent company as the numerator, i.e. no adjustments to loss were necessary in respect of the reported figures, which is divided by the weighted average number or ordinary shares outstanding during the year.

(p) Share-based payments

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values.

Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and earnings per share growth targets and performance conditions).

3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The Group makes estimates and assumptions in preparing the financial statements. The resulting accounting estimates will, by definition, seldom equal the related actual results. This note provides an overview of the areas that involve a higher degree of judgement or complexity and of items which are more likely to be materially adjusted due to estimates and assumptions differing to actual outcomes.

The areas involving significant estimates and assumptions are:

(i) Key Estimate – R&D Tax Incentive

Where the Group expects to receive the Australian Government's Research and Development Tax Incentive, the Group accounts for the amount refundable on an accruals basis. In determining the amount of the R&D Tax Offset Incentive at year end, there is an estimation process to determine what expenditure will qualify for the incentive. External advice is sought to provide assurance that the estimates are reasonable.

(ii) Key Estimate – Lease term

The lease term is defined as the non-cancellable period of a lease together with both periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and also periods covered by an option to terminate the lease where the lessee is reasonably certain not to exercise that option. The decision on whether or not the options to extend are reasonably going to be exercised is a key management judgement that the entity will make. The Group determines the likeness to exercise on a lease-by-lease basis looking at various factors such as which assets are strategic and which are key to future strategy of the entity.

(iii) Key Estimate – Share-based Payments

The Group operates equity-settled share-based payment and option schemes. The fair value of the equity to which option holders become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using the Black-Scholes pricing model, which incorporates all market vesting conditions. The amount to be expensed is determined by reference to the fair value of the options or shares granted. This expense takes in account any market performance conditions and the impact of any non-vesting conditions but ignores the effect of any service and non-market performance vesting conditions.

Non-market vesting conditions are taken into account when considering the number of options expected to vest. At the end of each reporting period, the Group revises its estimates of the number of options which are expected to vest based on the non-market vesting conditions. Revisions to prior period estimate are recognised in profit or loss and equity.

Any changes to the estimation are adjusted in the subsequent financial year.

Fair value of options issued for services from suppliers is determined with reference to the supplier's invoice value.

4. NEW, REVISED OR AMENDED ACCOUNTING STANDARDS

The Group has adopted all the new, revised or amended Accounting Standards issued by the Australian Accounting Standards Board (*AASB*) which are effective for the current reporting period.

Initial Application of AASB 16: Leases

The Group has adopted AASB 16: Leases from 1 July 2019. There were no leases to be accounted for under the new standard as at 1 July 2019. The first lease agreement to be accounted for under the new standard was entered into on 10 July 2019, being the Company's new premises at Edinburgh, Adelaide.

The Group has recognised a lease liability and right of use asset for all leases where the Group is the lessee. Lease liabilities are measured at the present value of the remaining lease payments. The Group has used a weighted average incremental borrowing rate of 5% to discount the lease payments.

Details of the Group's accounting policy is disclosed in note 2(i).

5. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET MANDATORY OR EARLY ADOPTED

AASB Standards that have recently been issued or amended but are not yet mandatory have not been early adopted by the Group for the annual reporting period ended 30 June 2020. The Group does not anticipate that any standards or interpretations not yet mandatory will have a material impact.

Conceptual Framework for Financial Reporting (Conceptual Framework)

The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 January 2020, but early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the consolidated entity has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the Group may need to review such policies under the revised framework. The Conceptual Framework has not been adopted for these FY2020 financial statements and at this time, the application of the Conceptual Framework is not expected to have a material impact on the Group's financial statements.

6. REVENUE

	Consolidated 2020 ($)	Consolidated 2019 ($)
Revenue from contracts with customers	**288,516**	**36,057**
TIMING OF REVENUE RECOGNITION:		
At a point in time	288,516	36,057
Over time	-	-
	288,516	**36,057**

7. EXPENSES

Loss before income tax has been arrived at after charging the following losses and expenses from continuing operations:

	Consolidated 2020 ($)	Consolidated 2019 ($)
Depreciation and amortisation of non-current assets	34,124	84,870
Depreciation of right of use assets	51,705	-
	85,829	**84,870**

8. INCOME TAX

(a) Income tax expense

	Consolidated 2020 ($)	Consolidated 2019 ($)
Current tax expense	-	-
Deferred tax expense	-	-
Total tax benefit	**-**	**-**

(b) The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax expense as follows:

	Consolidated 2020 ($)	Consolidated 2019 ($)
Prima facie tax payable on (loss) from ordinary activities before income tax at 27.5%	(840,795)	(187,230)
ADD TAX EFFECT OF:		
Permanent Differences	336,818	75,003
LESS TAX EFFECT OF:		
Temporary Differences	74,274	37,923
Add: Tax losses not recognised	429,703	74,304
Income Tax Expense/(Benefit)	**-**	**-**

(c) Tax losses and unrecognised temporary differences

Due to inherent uncertainty surrounding forward forecasts, and therefore the Group's ability to fully utilise tax losses in the future, a deferred tax asset for tax losses and deferred tax assets for temporary differences have only been recognised to the extent that they offset deferred tax liabilities. **The tax losses and temporary differences for which no deferred tax assets have been recognised are as follows:**

	2020 ($)	2019 ($)
Available tax losses for which no deferred tax asset is recognised	1,832,754	270,197
Potential tax benefit at 27.5%	504,007	74,304
Net deductible temporary differences for which no deferred tax asset has been recognised	316,430	42,752
Potential tax benefit at 27.5%	87,018	11,757

The taxation benefits of utilised tax losses and temporary difference not brought to account will only be obtained if:

- the group derives assessable income of a nature and an amount sufficient for tax losses and future deductions to be offset against;
- the group continues to comply with the condition for utilisation of tax loses imposed by law; and
- no change in tax legislation affecting the availability of utilisation losses.

9. KEY MANAGEMENT PERSONNEL DISCLOSURES

a) Details of key management personnel

The Directors and Executives of AML3D Limited during the financial year were:

Names	Appointed
DIRECTORS	
Andrew Sales (Managing Director)	**14 November 2014**
Stephen Gerlach (Chairman)	**30 August 2019**
Sean Ebert (Executive Director)	**30 August 2019**
Leonard Piro	**30 August 2019**
Kevin Reid	**3 December 2019**
EXECUTIVES	
Benjamin Hodgson (Chief Financial Officer)	**4 November 2019**

b) Key management personnel compensation

The aggregate compensation made to key management personnel of the company is set out below:

	Consolidated 2020 ($)	Consolidated 2019 ($)
Short-term employee benefits	466,766	153,818
Post-employment benefits	32,305	-
Share-based payments	421,316	-
Total	**920,387**	**153,818**

The aggregate compensation above does not include compensation paid to relevant key management personnel under separate consulting arrangements. Refer to Note 26(b) for other related party transactions.

The compensation of each member of the key management personnel of the Company is set out in the Remuneration Report.

10. EQUITY SETTLED SHARE-BASED PAYMENTS

During the financial year, the Company issued the following shares and options in satisfaction of services provided by suppliers and directors.

Shares

(a) The Company issued 2,750,000 shares at an issue price of $0.10 per share to suppliers on 30 July 2019 in consideration for corporate advisory services. The cost of $275,000 was calculated using a directors' valuation of $0.10 per share and has been expensed in the Company's consolidated statement of profit and loss and other comprehensive income as a share-based payment.

(b) The Company issued 950,000 shares to Directors on 9 February 2020 for the provision of professional services rendered at commercial rates. 700,000 shares were issued at $0.15 per share and 250,000 shares were issued at $0.20 per share.

Options

The Company issued Options during the financial year as follows:

(a) The Company issued 2,000,000 fully vested options on 30 July 2019 to suppliers as consideration or corporate advisory services. The options are exercisable at $0.30 each on or before four years from the date of issue. The Black-Scholes valuation method determined a fair value of $49,474, which has been expensed as a share-based payment.

(b) The Company issued 7,500,000 fully vested options to the Directors and Company Secretary, which are exercisable at $0.30 each between three years and five years from the date of issue (4 December 2019). The Black-Scholes valuation method determined a fair value of $451,408, which has been expensed as a share-based payment. The options were issued under the Company's Concessional Incentive Option plan, which was approved by the Board on 4 December 2019.

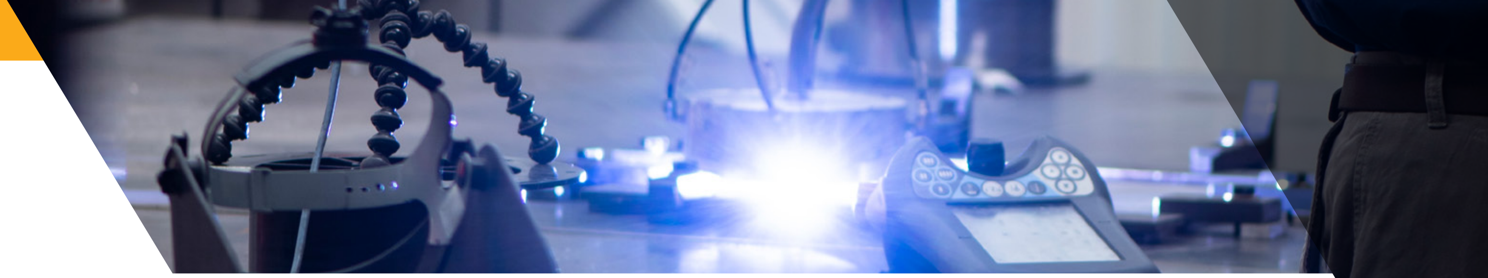
(c) The Company issued 1,000,000 fully vested options to a former advisor as a fee in connection with the Converting Loan raising and listing of the Company. These options are exercisable at $0.30 each on or before 30 June 2021. The Black-Scholes valuation method determined a fair value of $35,858, which has been expensed as a share-based payment.

Each option issued under the foregoing agreements converts into one ordinary share of AML3D Limited on exercise. No amounts are paid or payable by the recipient on receipt of the option. Options neither carry rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry. Vesting dates and conditions are dependent on each arrangement as agreed to by the directors.

The number of options granted is at the sole discretion of the directors.

The following table summarises the foregoing share-based payments:

Number of Shares	Grant date	Expiry date	Share Price at Grant Date	Exercise Price	Fair value at grant date	Value ($)
2,750,000	30 July 2019		$0.10			275,000
700,000	9 February 2020		$0.15			105,000
250,000	9 February 2020		$0.20			50,000
NUMBER OF OPTIONS						
2,000,000	30 July 2019	30 July 2023	$0.10	$0.30	$0.024737	49,474
7,500,000	4 December 2019	4 December 2024	$0.15	$0.30	$0.060188	451,408
1,000,000	3 April 2020	30 June 2021	$0.20	$0.30	$0.035858	35,858
Total share-based payments						**966,740**



11. REMUNERATION OF AUDITORS

During the year, the following fees were paid or payable for services provided by the auditor of the parent entity and non-related audit firms:

(i) Audit and other assurance services

	Consolidated 2020 ($)	Consolidated 2019 ($)
(A) WILLIAM BUCK ADELAIDE		
(i) Audit and other assurance services		
Audit and review of the financial report	20,000	19,000
Other assurances services		
Investigating Accountant's Report	43,870	-
Total	**63,870**	**19,000**
(ii) Taxation services		
Tax compliance services	36,920	-
Total	**36,920**	**-**
(B) FIDUCIA LLP AUDIT FEES		
Audit and review of financial report	**2,500**	**-**

The prior year audit fee expense of $19,000 relates to the audits of FY2017, FY2018 and FY2019. The Group had three financial periods audited for the purposes of the Company's Prospectus.

12. TRADE AND OTHER RECEIVABLES

	Consolidated 2020 ($)	Consolidated 2019 ($)
R&D Tax Offset Refund Due	310,000	252,000
Goods and Services Tax	187,874	29,225
Trade accounts receivable	162,412	25,190
Government wage subsidies	43,000	-
Interest accrued	3,449	-
Total	**706,735**	**306,415**

Trade receivables are non-interest bearing and generally on terms of 14-90 days. The receivables at reporting date have been reviewed to determine whether there are any expected credit losses. An allowance for credit loss is included for any receivable where the entire balance is not considered collectible. No allowance for credit loss in required as at 30 June 2020 (2019: Nil).

Additional information in relation to financial risks concerning or with a potential impact on financial assets and liabilities is disclosed in Note 31 – Financial Risk Management.

13. INVENTORY

	Consolidated 2020 ($)	Consolidated 2019 ($)
Raw materials and consumables	112,375	-
Total	**112,375**	**-**

14. OTHER ASSETS

	Consolidated 2020 ($)	Consolidated 2019 ($)
Bond	2,225	2,225
Prepayments	103,955	-
Deposit Paid	129,060	-
Total	**235,240**	**2,225**

15. FINANCIAL ASSETS

	Consolidated 2020 ($)	Consolidated 2019 ($)
Term deposit	36,000	-
Total	**36,000**	**-**

16. PLANT AND EQUIPMENT

Consolidated:

	Office and computer Equipment ($)	Plant and Equipment ($)	Motor Vehicle ($)	Leasehold Improvements ($)	Total ($)
COST					
Balance 1 July 2018	-	198,313	-	-	198,313
Additions	9,470	191,241	-	-	200,711
Balance 1 July 2019	9,470	389,554	-	-	399,024
Additions	27,508	720,067	69,674	13,250	830,499
Balance at 30 June 2020	**36,978**	**1,109,621**	**69,674**	**13,250**	**1,229,523**
ACCUMULATED DEPRECIATION AND IMPAIRMENT					
Balance 1 July 2018	-	16,970	-	-	16,970
Net depreciation expense	3,884	70,101	-	-	73,985
Balance 1 July 2019	3,884	87,071	-	-	90,955
Net depreciation expense	2,643	8,013	6,360	-	17,016
Balance at 30 June 2020	**6,527**	**95,084**	**6,360**	**-**	**107,971**
NET BOOK VALUE					
At 30 June 2019	**5,586**	**302,483**	**-**	**-**	**308,069**
At 30 June 2020	**30,451**	**1,014,537**	**63,314**	**13,250**	**1,121,552**

17. RIGHT OF USE ASSETS

The Group's lease portfolio comprises leased buildings. The leases have an average term of 3 years.

An option to extend or terminate is contained in the lease agreements of the Group. These clauses provide the Group opportunities to manage leases in order to align with its strategies. All the extension or termination options are only exercisable by the Group. The extension options, or termination options, which management were reasonably certain to be exercised have been included in the calculation of the lease liability.

(i) AASB 16 related amounts recognised in the statement of financial position:

Right-of-use assets	Consolidated 30 June 2020 ($)
Leased buildings	463,183
Accumulated depreciation	(51,705)
Net carrying amount	**411,478**

MOVEMENT IN CARRYING AMOUNTS	
Leased buildings:	
Recognised on initial application of AASB 16	-
Additions during the year	463,183
Depreciation expense for the year ended 30 June 2020	(51,705)
Net carrying amount	**411,478**

(ii) AASB 16 related amounts recognised in the statement of loss:

	30 June 2020 ($)
Depreciation charge related to right of use assets	**51,705**
Interest expense on lease liabilities	**4,054**

18. INTANGIBLE ASSETS

	Consolidated 2020 ($)	Consolidated 2019 ($)
Patents and Trademarks – at cost	34,549	11,622
Accumulated amortisation	(7,379)	(2,768)
Net carrying value	**27,170**	**8,854**
Software – at cost	92,909	92,909
Accumulated amortisation	(79,077)	(73,150)
Net carrying value	**13,832**	**19,759**
Website – at cost	17,226	17,226
Accumulated amortisation	(17,226)	(10,000)
Net carrying value	**-**	**7,226**
TOTAL INTANGIBLES	**41,002**	**35,839**
RECONCILIATION OF MOVEMENTS IN INTANGIBLE ASSETS:		
Balance at the beginning of the year	35,839	27,876
Additions to intangible assets	22,927	18,848
Amortisation charged to intangible assets	(17,764)	(10,885)
Balance at the end of the year	**41,002**	**35,839**

Intangible assets have finite useful lives. The current amortisation charges for intangible assets are included under depreciation and amortisation expense in the statement of profit and loss and other comprehensive income.

At each reporting date the directors review intangible assets for impairment. No impairment was assessed as necessary in the 2020 financial year (2019: Nil).

19. TRADE AND OTHER PAYABLES

	Consolidated 2020 ($)	Consolidated 2019 ($)
Trade payables	354,059	77,561
Unearned income	1,122	-
Accrued expenses	383,212	68,179
Total	**738,392**	**145,740**

Trade and other payables are unsecured, non-interest bearing and normally settled within 30 days.

20. BORROWINGS

Current	Consolidated 2020 ($)	Consolidated 2019 ($)
Convertible loan agreements	-	1,726,000
Related party payable – Managing Director	-	33,931
Total current borrowings	**-**	**1,759,931**
RECONCILIATION OF MOVEMENTS IN BORROWINGS		
Balance at the beginning of the year	1,759,931	185,569
Additional borrowings	-	1,726,000
Conversion of Convertible notes to equity	(1,726,000)	-
Repayment of borrowings	(33,931)	(151,638)
Balance at the end of the year	**-**	**1,759,931**

Convertible notes were converted into equity prior to and upon the Company's listing on the ASX, further detail is included in Note 23(b)(vi).

21. LEASE LIABILITIES

	Consolidated 2020 ($)	Consolidated 2019 ($)
Lease liability (current)	125,098	-
Lease liability (non-current)	288,005	-
Total	**413,093**	**-**

22. EMPLOYEE BENEFITS PROVISIONS

Current	Consolidated 2020 ($)	Consolidated 2019 ($)
Annual Leave	27,953	18,652
Total	**27,953**	**18,652**

23. EQUITY

(a) Issued capital

	Consolidated 2020 ($)	Consolidated 2019 ($)
132,366,163 fully paid ordinary shares (2019: 12,320,250)	**13,310,772**	**1,063,130**

Ordinary shares participate in dividends and the proceeds on winding of the Company in proportion to the number of shares held.

On a show of hands, every holder of ordinary shares present at a meeting or by proxy is entitled to one vote, and on a poll each share is entitled to one vote.

The Company does not have authorised capital or par value in respect of its shares.

(b) Movement in ordinary shares:

	Consolidated Number	2020 ($)
Balance at 1 July 2019	12,320,250	1,191,105
Capital reconstruction	39,853,546	-
Shares issued during the year	80,192,367	13,336,252
Total shares issued	132,366,163	14,527,357
Costs of the shares issued		(1,216,585)
Balance at 30 June 2020	**132,366,163**	**13,310,772**

	Consolidated Number	2019 ($)
Balance at 1 July 2019	11,782,750	976,105
Shares issued during the year	537,500	215,000
Total shares issued	12,320,250	1,191,105
Costs of the shares issued		(127,975)
Balance at 30 June 2020	**12,320,250**	**1,063,130**

(i) The Company issued 6,666,179 Options to Investors in a pre-IPO capital raising on the basis of one Option for every two shares issued, in two tranches. The first tranche of 6,297,819 options was issued on 19 December 2019 and the second tranche of 368,333 options was issued on 30 January 2020. The options are exercisable at $0.30 each on or before 30 June 2021. The Black-Scholes valuation method determined a fair value of $136,225, which has been included as part of the cost of the shares issued.

(ii) The Company issued 2,750,000 shares to former corporate advisors on 30 July 2019. These shares were valued at $275,000 ($0.10 per share) as per Directors' valuation.

(iii) The Company issued 12,150,000 shares on conversion of Convertible Note Agreements on 6 December 2019. The shares were valued at $1,215,000 ($0.10 per share).

(iv) The Company issued 13,332,367 shares to Investors in a pre-IPO capital raising in two tranches. The first tranche of 12,595,701 shares was issued on 19 December 2019 and the second tranche of 736,666 shares was issued 30 January 2020. The total value of the shares issued was $1,999,855 at $0.15 per share.

(v) The Company issued 950,000 shares to Directors on 9 February 2020 as non-cash consideration for the provision of professional services rendered at commercial rates. These services related to the development of the Company's prospectus. 700,000 shares were issued at $0.15 per share and 250,000 shares were issued at $0.20 per share.

(vi) The Company issued 5,110,000 shares on conversion of Convertible Note Agreements on 3 April 2020. The shares were valued at $511,000 ($0.10 per share).

(vii) The Company issued 450,000 shares to each of the Lead Manager and Corporate Advisor for the IPO, as remuneration and success fees under their mandates related to the IPO. The shares, issued on 3 April 2020, were valued at $180,000 in total and included in the cost of IPO shares issued at $0.20 per share.

(viii) The company issued 45,000,000 IPO shares on 3 April 2020. The shares were valued at $9,000,000 at $0.20 per share.

(c) Capital Management

Management controls the capital of the Company in order to generate long-term shareholder value and ensure that the company can fund its operations and continue as a going concern.

The Company is not subject to any externally imposed capital requirements.

There have been no changes in the strategy adopted by management to control the capital of the group since the issue of the prospectus.

(d) Reserves

The Group's reserves comprise a share-based payments reserve. A summary of the movements in the reserve is as follows:

	Consolidated 2020 ($)	Consolidated 2019 ($)
Balance at beginning of financial year	-	-
Share-based payment expense - Options issued	672,965	-
Balance end of financial year	**672,965**	**-**

The reserve records the value of share-based payments provided.

The following table details the tranches of options issued. Details of each of these tranches are recorded in Note 10.

Number of Options	Grant date	Expiry date	Share Price at Grant Date	Exercise Price	Fair value at grant date	Value ($)
2,000,000	30 July 2019	29 July 2023	$0.10	$0.30	$0.024737	49,474
7,500,000	4 December 2019	5 December 2024	$0.15	$0.30	$0.060188	451,408
6,297,846	19 December 2019	30 June 2021	$0.15	$0.30	$0.0204352	128,698
368,333	30 January 2020	30 June 2021	$0.15	$0.30	$0.0204352	7,527
1,000,000	3 April 2020	30 June 2021	$0.20	$0.30	$0.035858	35,858
17,166,179						**672,965**

(e) Movement in options on issue

	2020 No. of Options	2019 No. of Options
Balance at 1 July 2019	-	-
Options granted	17,166,179	-
Balance at 30 June 2020	**17,166,179**	**-**

24. ACCUMULATED LOSSES

	Consolidated 2020 ($)	Consolidated 2019 ($)
Balance at beginning of financial year	(1,176,796)	(495,960)
Loss attributable to members of the entity	(3,094,021)	(680,836)
Balance at end of financial year	**(4,270,817)**	**(1,176,796)**

25. LOSS PER SHARE

	2020 Cents per share	2019 Cents per share
Basic (loss) per share (cents):	**(3.8)**	**(1.3)**
	Consolidated 2020 ($)	**Consolidated 2019 ($)**
Loss used in calculating basic earnings per share	**(3,094,021)**	**(680,836)**
	2020 (No.)	**2019 (No.)**
Weighted average number of ordinary shares for the purposes of basic earnings per share	**81,201,246**	**52,001,298**

Basic earnings per share and diluted earnings per share have been retrospectively restated to account for a capital restructure of shares. A capital reconstruction was undertaken on 29 July 2019 and 4.2348 shares were issued for every one share. The number of shares issued in 2019 has been multiplied by 4.2348 for the purposes of the EPS calculations.

The rights of options are non-dilutive as the Company has incurred a loss for the year.

26. RELATED PARTY DISCLOSURES

The following paragraphs provide details of transactions and balances with related parties.

(a) Compensation of Key Management Personnel

Details of key management personnel compensation are recorded in Note 9 (b)

(b) Other transactions with Key Management Personnel

a. Mr Andrew Sales

During the financial year, the Company engaged the services of a company controlled by Mr Sales' sister to provide IT services. These services were conducted on standard commercial terms. The value of the services for the financial year was $2,048 (2019: $710).

b. Mr Sean Ebert and his related entities

In addition to his services as a director, during the financial year the Company engaged the services of a company controlled by Mr Ebert to provide executive services to the Company. The services were conducted on standard commercial terms. Part settlement was made by way of issue of shares in the Company to the value of $50,000. The total value of the services for the financial year was $120,000 (2019: $5,000).

c. Mr Leonard Piro and his related entities

In addition to his services as a director, during the financial year the Company engaged the services of Mr Piro to provide consulting services to the Company. The services were conducted on standard commercial terms. The value of the services in the financial year, in respect of consulting services provided in the period April 2017 to October 2019 and settled with the issue of shares in the Company, was $105,000 (2019: $24,500).

d. Mr Graham Durtanovich and his related entities

During the previous financial year ended 30 June 2019 the Company engaged the services of entities controlled by Mr Durtanovich to provide accounting and corporate advisory services to the value of $30,000 on standard commercial terms.

There were no outstanding related party balances as at 30 June 2020.

(c) Controlled entities

During the financial year, the Company provided loan funds to its Singaporean subsidiary, AML Technologies (Asia) Pte Ltd to enable its subsidiary to meet start-up expenses. The transactions were conducted on commercial terms and conditions.

27. CONTINGENCIES

In the opinion of the Directors, besides the guarantee disclosed in note 34, the Group did not have any contingent liabilities or assets as 30 June 2020 (2019: Nil).

28. SEGMENT REPORTING

(i) Operating segments

The Company operates in the additive manufacturing sector in Australia and South East Asia. For management purposes, the Group has one main operating segment which involves the provision of 3D printing services and machinery sales in all territories in which it operates. All of the Group's activities are inter-related and discrete financial information is reported to the (Chief Operating Decision Maker), being the Managing Director, as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results for this segment are equivalent to the financial statements of the Group as a whole.

All amounts reported to the Managing Director, being the chief operating decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent with those adopted in the annual financial statements of the Group.

(ii) Geographic area

Revenues from external customers attributed to Australia and other countries is as follows:

	Consolidated 2020 ($)	Consolidated 2019 ($)
Australia	27,278	4,053
Singapore	248,233	29,513
Japan	6,479	2,491
Europe	6,526	-
Total Revenue	**288,516**	**36,057**

(i) Major customers

The Group has certain customers which represent more than 10% of the Group's revenue from contracts with customers. Each customer is a customer of the 3D printing services and machine sales operating segment. **Revenue for those customers is as follows:**

	Consolidated 2020 (%)	Consolidated 2019 (%)
2 Customers	**84%**	**-**
1 Customer	**-**	**82%**

29. SUBSEQUENT EVENTS

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company, the results of those operations and the state of affairs of the Company in future financial years except for:

(i) On 17 July 2020, equipment orders to the value of $669,000 were placed for the expansion of the new Adelaide facility.

(ii) To the date of signing this report, the Company's operations have not been materially and directly adversely impacted by COVID-19. However, uncertainty remains as to the scope and length of the pandemic and the impact of restrictions that will be imposed to combat the pandemic. The pandemic may result in the loss of or delay in sales to customers and potential customers. It may also impact access to equipment and supplies, delaying the delivery of products to customers. The Company is actively monitoring risks associated with COVID-19 and implementing risk management measures to mitigate against potential impacts.

The recent IPO by the Company has resulted in significant cash and cash equivalents which will assist the operations of the Company whilst the pandemic subsists.

30. NOTES TO THE STATEMENTS OF CASHFLOWS

(a) Reconciliation of cash and cash equivalents

	Consolidated 2020 ($)	Consolidated 2019 ($)
Cash and cash at bank	**8,227,986**	**1,158,109**

(b) Reconciliation of loss for the year to net cash flows used in operating activities

	Consolidated 2020 ($)	Consolidated 2019 ($)
(Loss) for the year after income tax	(3,094,021)	(680,836)
Depreciation and amortisation of non-current assets	85,829	84,870
Share based payments	966,740	-
CHANGES IN ASSETS AND LIABILITIES		
(Increase) in debtors	(400,320)	(186,802)
(Increase) in prepayments and other assets	(233,015)	-
(Increase) in inventories	(112,375)	-
Increase in payables	592,652	84,022
Increase in employee benefits	9,301	10,891
Net cash (used) in operating activities	**(2,185,209)**	**(687,855)**

31. FINANCIAL RISK MANAGEMENT

The Group's financial risk management is predominantly controlled by the Managing Director and Chief Financial Officer with the oversight of the Board and the Audit and Risk Committee.

(a) Financial risk management

The Group enters into financial instruments which consist of deposits with banks, accounts receivable and payables. The totals for each category of financial instrument is shown at Note 29(e). The Group has not entered into any derivative financial instruments.

(b) Significant accounting policies

Details of significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 to the financial statements.

(c) Interest rate risk management

The Group is exposed to interest rate risk as it places funds at floating interest rates. In the current low interest environment, the Group is exposed to minimal interest rate risk.

(d) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of dealing only with creditworthy counterparties (where such information is available) and obtaining sufficient collateral (such as up front deposits before commencing work), as a means of mitigating the risk of financial loss from defaults. The Group's exposure is constantly monitored.

Except for one customer, the Group does not have any significant credit risk exposure to any one single counterparty or any group of counterparties having similar characteristics. Sales to that customer are denominated in Singapore dollars and the Group has not hedged the receivable.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The quality of debtors if monitored by the ageing of open invoices in accounts receivable. **Trade receivables are analysed as follows:**

	Consolidated 2020 ($)	Consolidated 2019 ($)
NOT IMPAIRED		
Within trade terms	131,265	25,190
Past due but not impaired	31,147	-
Total trade receivables	**162,412**	**25,190**

Receivables that are past due but not impaired comprise customers which do not have any objective evidence that the receivable may be impaired. The Company knows why certain customers are past due and expects that they will be paid. No allowance for expected credit losses is required at 30 June 2020.

Analysis of trade receivables:

Consolidated:

Per aged debtors report.

	Not past Due	60-90 days	>90 days	Total
2020				
Trade receivables	131,265	3,190	27,957	162,412
Total	**131,265**	**3,190**	**27,957**	**162,412**
2019				
Trade receivables	25,190	-	-	25,190
Total	**25,190**	**-**	**-**	**25,190**

As at 30 June 2020, there were no expenses recognised during the financial year then ended for the write-off of receivables or provision for expected credit losses (2019: Nil).

(e) Liquidity risk management

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

The Group manages liquidity risk by maintaining adequate cash reserves and monitoring its actual and forecast cashflows and financial obligations. The Group endeavours to pay its creditors within agreed trade terms.

Maturity profile of financial instruments

The amounts listed below equate to fair value.
The cashflows in the maturity analysis below are not expected to occur significantly earlier than disclosed.

	Weighted Average Interest rate (%)	Expected Maturity dates			
		INTEREST BEARING			
		Less than 1 year ($)	1-5 years ($)	Non Interest bearing ($)	Total ($)
2020					
Financial Assets					
Other financial assets			36,000		36,000
Cash and cash equivalents	1%	8,227,986			8,227,986
Trade and other receivables				706,735	706,735
Total		**8,227,986**	**36,000**	**706,735**	**8,970,721**
Financial Liabilities					
Trade and other payables				738,392	738,392
Lease liabilities		125,098	288,055		413,093
Total		**125,098**	**288,055**	**738,392**	**1,152,485**
2019					
Financial Assets					
Cash and cash equivalents	1%	1,158,109			1,158,109
Trade and other receivables				306,415	306,415
Total		**1,158,109**		**306,415**	**1,464,524**
Financial Liabilities					
Trade and other payables				145,740	145,740
Borrowings				1,759,931	1,759,931
Total				**1,905,671**	**1,905,671**

(f) Currency Risk

The Group operates in international markets, however, products and services are invoiced in Australian dollars where possible, in order to eliminate the risk of exposure to foreign currency rate risks.

32. INFORMATION RELATING TO AML3D GROUP LIMITED (THE PARENT)

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.

Statement of Financial Position

	2020 ($)	2019 ($)
ASSETS		
Current assets	9,315,723	1,466,749
Non-current assets	1,610,032	343,908
Total assets	**10,925,755**	**1,810,657**
LIABILITIES		
Current liabilities	888,246	1,924,323
Non-current liabilities	288,005	-
Total liabilities	1,176,251	1,924,323
Net assets	**9,749,504**	**(113,666)**
EQUITY		
Issued capital	13,310,772	1,063,130
Reserves	672,965	-
Accumulated losses	(4,234,233)	(1,176,796)
Total equity	**9,749,504**	**(113,666)**

Statement of Profit or Loss and Other Comprehensive Income

	2020 ($)	2019 ($)
Total loss for the year	**3,057,437**	**680,836**
Total comprehensive loss for the year	**3,057,437**	**680,836**

The parent entity entered into a bank guarantee represented by a term deposit of $36,000 in respect of the newly leased premises at Edinburgh, Adelaide. Other than this guarantee, the parent entity had no contingent liabilities at 30 June 2020.

At 30 June 2020, the parent entity had commitments for capital equipment ordered but not yet received of $301,140 (2019: Nil).

33. INTEREST IN CONTROLLED ENTITIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries:

Name of entity	Country of incorporation	Percentage Owned	
		2020	2019
AML Technologies (Asia) Pte Ltd	**Singapore**	**100%**	**100%**

34. GUARANTEES

AML3D has one guarantee secured by a bank term deposit of $36,000 for the lease of its premises at 35 Woomera Avenue Edinburgh SA 5111.

35. CAPITAL COMMITMENTS

At 30 June 2020, AML3D had commitments for capital equipment ordered but not yet received of $301,140 (2019: Nil).

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of AML3D Limited (Company), the Directors of the Company declare that:

1. In the opinion of the Directors, the financial statements and notes for the year ended 30 June 2020 are in accordance with the Corporations Act 2001 and:
    a. comply with Accounting Standards, which, as stated in basis of preparation Note 2 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (*IFRS*); and
    b. give a true and fair view of the consolidated entity's financial position as at 30 June 2020 and its performance for the year ended on that date;
2. In the opinion of the Directors, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, and
3. The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer.

Stephen Gerlach AM
Chairman

Dated this 30th day of September 2020

Additional Shareholder Information

The following information is current as at 24 September 2020:

SHAREHOLDING

Following are details of classes of fully paid ordinary shares on issue:

Fully Paid Ordinary Shares on Issue	Number of holders	Number of shares
Quoted on ASX	2,882	78,558,557
Unquoted and restricted until 19/12/20	46	2,785,135
Unquoted and restricted until 30/01/20	1	17,500
Unquoted and restricted until 20/04/22	26	51,004,971

The restricted shares are subject to ASX escrow. There are no securities subject to voluntary escrow.

There are 60 holders of 17,166,179 unquoted options each of which converts to 1 share upon exercise.

DISTRIBUTION OF SHAREHOLDERS

Range of Units	Number of Holders	Percentage of total securities
1 – 1,000	144	0.09%
1,001 – 5,000	1,144	2.49%
5,001 – 10,000	593	3.54%
10,001 – 100,000	883	20.36%
100,001 and over	118	73.52%
Total	**2,559**	**100.00%**

UNMARKETABLE PARCELS

The number of shareholders holding less than a marketable parcel is 57.

SUBSTANTIAL SHAREHOLDERS

Substantial shareholders as disclosed by notices received by the Company as at 24 September 2020 are:

Shareholder	Number of ordinary shares
Andrew Michael Clayton Sales	39,701,250
Juhee Seo and Global Asset Solutions	6,987,420
Perennial Value Management Limited	8,976,625

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 at a meeting or by proxy has one vote on a show of hands.

Other:

- Options do not confer upon the holder an entitlement to vote on any resolutions proposed by the Company except as required by law.

STOCK EXCHANGE LISTING

Admitted to the Official List of ASX on 16 April 2020; quotation commenced on 20 April 2020.

ASX: AL3

20 LARGEST SHAREHOLDERS – ORDINARY SHARES

	Name	Number of Shares held	%
1	Mr Andrew Michael Clayton Sales	39,701,250	29.99
2	National Nominees Limited	7,961,898	6.02
3	Global Asset Solutions	6,987,420	5.28
4	Mr Kenneth Joseph Hall <Hall Park A/C>	5,562,294	4.20
5	Mewtwo Global Investments	3,000,000	2.27
6	Citicorp Nominees Pty Limited	2,264,003	1.71
7	Mr Benjamin Fegan	2,124,050	1.60
8	Disruptive Investments Pty Ltd <Disruptive Investments A/C>	1,000,000	0.76
9	Udefine Pty Ltd	1,000,000	0.76
10	Mr Kiril Dennis Boitcheff & Mrs Suzanne Janet Boitcheff <Seaview Super Fund A/C>	897,125	0.68
11	Wolseley Road #1 Pty Limited <Adsaleum Family A/C>	884,999	0.67
12	Mr Leonard Albert Piro	800,000	0.60
13	Connected Energy Solutions Pty Ltd	750,000	0.57
14	Mr Cyril Koleff	734,299	0.55
15	Koda Capital Pty Ltd	666,667	0.50
16	Dream Work Super Pty Ltd <Dreams Investments A/C>	666,666	0.50
17	Boothbay Absolute Return Strategies LP	625,000	0.47
18	Silver Crown Technology Limited	600,000	0.45
19	Dr Erin Stewart Denize	596,932	0.45
20	Clayon Pty Ltd	500,000	0.38
20	Mr Chi Wai Lee	500,000	0.38
Total		**77,822,603**	**58.79**

Corporate Directory

AML3D LIMITED

ABN 55 602 857 983

DIRECTORS

Stephen Gerlach AM // Chairman

Andrew Sales // Managing Director

Sean Ebert // Executive Director

Leonard Piro // Non-executive Director

Kevin Reid // Non-executive Director

COMPANY SECRETARY

Christine Manuel

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