OLIVEX

THE LIVE MARKETING PLATFORM FOR HEALTH AND FITNESS

OLIVEX (HK) LIMITED

(Company Number 2516003)

Annual Financial Report

30 June 2019

CONTENTS

The directors present their report, together with the financial statements of OliveX (HK) Limited (Company No 2516003) (hereafter referred to as the "Company"), for the financial year ended 30 June 2019.

The sole director of the Company is Keith Rumjahn.

Principal activities

The principal activities of the Company during the financial year OliveX were that of a technology company which aims to improve the health and fitness of its users through gamification, coaching and artificial intelligence (AI) from its suite of technology products – all of which are developed in-house. The focus in the health and fitness industry stems from the growing concerns about obesity (described by the World Health Organization as a global epidemic affecting more than 2 billion people) and the social impacts of obesity, including on health care, government spending and quality of life.

Operating results

The Company recorded a net loss after tax of $426,312 (June 2018: $656,826).

State of Affairs of the Company

No significant changes in the Company's state of affairs occurred during the financial year.

Dividends

No dividends were declared and paid during the year.

Events after balance date

Subsequent to balance date, the shareholders of the Company agreed to swap their shares in OliveX (HK) Limited for shares in OliveX Holdings Limited, an entity incorporated under the laws and regulations of the Commonwealth of Australia, as part of a approved process to list the Company on the National Stock Exchange during the first half of 2020. As at listing OliveX Holdings Limited will hold 100% of the shares in the Company. Further, the Company has entered into an agreement with SAFE holders to transfer their rights to shares in the Company to OliveX Holdings Limited in order for the SAFE holders realise the Liquidity Event through the issue of shares in OliveX Holdings Limited.

On 28 April 2020, the Company received a letter of support from OliveX Holdings Limited, where OliveX Holdings Limited confirmed that:

- the loan of $360,000 is unsecured, interest free and is repayable on demand;
- the Company will not be called upon to repay the loan for a period of twelve months from the date of the audit report;
- OliveX Holdings Limited is in the process of completing an initial public offering; and
- OliveX Holdings will continue to provide ongoing financial support to the Company for at least a period of twelve months following the date of the audit report.

On January 30, 2020, the World Health Organisation declared the coronavirus outbreak (COVID-19) a "Public Health Emergency of International Concern" and on March 10, 2020, declared COVID-19 a pandemic. The operations of the Company could be negatively impacted by the regional and global outbreak of COVID-19 and may impact the Company's revenues, its results, and its ability to source funding for the next reporting year.

As at the date of this report, the full effect of the outbreak remains uncertain. The effects are likely to be significant but cannot be reliably estimated or quantified. The Company will monitor the ongoing developments and be proactive in mitigating the impact on its operations.

Signed

Rumjah

Keith Rumjahn
Sole Director

11 June 2020

OliveX (HK) Limited (Company Number 2516003)
Statement of Profit or Loss and Other Comprehensive Income
For the financial year ended 30 June 2019

	Note	30 June 2019 $	1 August 2017 to 30 June 2018 $
Revenue	3	544,757	98,707
Cost of sales		-	(5,239)
Gross profit		544,757	93,468
Other income		384	148
Consulting		(67,230)	(18,416)
Depreciation	9	(153)	-
Employee benefits		(207,770)	(157,671)
Exchange fluctuation		(2,636)	390
Finance costs		(112,422)	(16,696)
Marketing		(70,174)	(19,886)
Office costs		(18,687)	(10,947)
Research and development costs		(472,339)	(508,676)
Travel and accommodation		(9,705)	(14,214)
Other		(4,117)	(4,326)
Loss before tax		(420,092)	(656,826)
Taxation	4	(6,220)	-
Loss after tax		(426,312)	(656,826)
Other comprehensive income/(loss)		-	-
		(426,312)	(656,826)

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Notes to the Financial Statements

OliveX (HK) Limited (Company Number 2516003)
Statement of Financial Position
For the financial year ended 30 June 2019

	Note	30 June 2019 $	30 June 2018 $
Assets			
Current assets			
Cash	5	890,667	1,115
Receivables	6	37,150	141,048
Inventories	7	16,991	-
Other current assets	8	44,062	4,251
		988,870	146,414
Non-current assets			
Property, plant and equipment	9	6,017	-
Total assets		994,887	146,414
Liabilities			
Current liabilities			
Payables	10	52,862	336,544
Other financial liabilities	11	1,415,163	75,131
Borrowings	12	360,000	-
		1,828,025	411,675
Non-current liabilities			
Other financial liabilities	11	-	141,565
		-	141,565
Total liabilities		1,828,025	553,240
Net assets		(833,138)	(406,826)
Equity			
Share capital	13	200,000	200,000
Reserves		50,000	50,000
Accumulated losses		(1,083,138)	(656,826)
Net deficit in total equity		(833,138)	(406,826)

The above Statement of Financial Position should be read in conjunction with the Notes to the Financial Statements

OliveX (HK) Limited (Company Number 2516003)
Statement of Changes in Equity
For the financial year ended 30 June 2019

	Share Capital	Share Premium	Accumulated Losses	Total Equity
As at 1 August 2017				
Transactions with owners in their capacity as owners of the Company				
Share issues	200,000	50,000	-	250,000
Equity raising costs	-	-	-	-
Share-based payments	-	-	-	-
	200,000	50,000	-	250,000
Net loss for the period	-	-	(656,826)	(656,826)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	(656,826)	(656,826)
As at 30 June 2018	200,000	50,000	(656,826)	(406,826)
Transactions with owners in their capacity as owners of the Company				
Share issues	-	-	-	-
Equity raising costs	-	-	-	-
Share-based payments	-	-	-	-
	-	-	-	-
Net loss for the period	-	-	(426,312)	(426,312)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	(426,312)	(426,312)
As at 30 June 2019	200,000	50,000	(1,083,138)	(833,138)

The above Statement of Changes in Equity should be read in conjunction with the Notes to the Financial Statements

OliveX (HK) Limited (Company Number 2516003)
Statement of Cash Flows
For the financial year ended 30 June 2019

	Note	30 June 2019 $	1 August 2017 to 30 June 2018 $
Cash flows from/(used) in operating activities			
Receipts from customers		575,655	30,659
Payments to employees and suppliers		(410,637)	(205,936)
Research and development costs		(779,869)	(13,746)
Interest received		384	148
Tax paid		(6,220)	-
Net cash flows used in operating activities	15	(620,687)	(188,875)
Cash flows from/(used) in investing activities			
Loans repaid/(granted)		73,000	(73,000)
Acquisition of property, plant and equipment		(6,170)	-
Net cash flows from/(used) in investing activities		66,830	(73,000)
Cash flows from financing activities			
Proceeds from share issues		-	62,600
Proceeds from borrowings		360,000	-
Proceeds from other financial liabilities		1,086,045	200,000
Net cash inflows from financing activities		1,446,045	262,600
Net cash flows		892,188	725
Cash and cash equivalents as at the start of the financial period		1,115	-
Changes in foreign currency held		(2,636)	390
Cash and cash equivalents as at the end of the financial period	5	890,667	1,115

The Statement of Cash Flows should be read in conjunction with the Notes to the Financial Statements

NOTE 1 CORPORATE INFORMATION

These financial statements and notes to the accounts comprise OliveX (HK) Limited an entity incorporated and the laws and regulations of the Special Administrative Region of Hong Kong for the financial year ended 30 June 2019.

The registered office and the principal office of the Company is 1 Cyberport, Cyberport Road, Cyberport, Hong Kong.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 11 June 2020.

a. Basis of preparation

i. Statement of compliance

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below. They have been consistently applied unless otherwise stated.

ii. Financial position

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. All amounts are presented in US dollars, unless otherwise noted.

iii. Use of estimates and judgements

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

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

Judgements made by management in the application of Australian Accounting Standards that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 2p Critical Accounting Estimates and Judgments.

b. Going concern

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

As disclosed in the financial statements, the Company incurred a loss of $426,312 and had net cash outflows from operating activities of $620,687 for the year ended 30 June 2019. As at that date the Company had net liabilities of $833,138. In addition, as disclosed in Note 18, of the financial statements the COVID-19 pandemic may have an adverse impact on the Company's revenues, its results, its supply chain, and its ability to source funding for the next year.

The Directors believe that it is reasonably foreseeable that the Company will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

NOTE 1 CORPORATE INFORMATION (CONT'D)

- The Company has cash and cash equivalents of $890,667 as at 30 June 2019.

- The Company's parent entity, OliveX Holdings Limited ("OliveX Holdings") is in the process of completing an Initial Public Offering ("IPO") on the National Stock Exchange and is expected to raise between $2-$3 million in equity funding. The process is its advanced stages and the directors are confident the listing will proceed. OliveX Holdings has agreed to continue to provide ongoing financial support to OliveX (HK) Limited to enable it to pay its debts as and when they fall due and to continue its normal business operations. This financial support shall be unconditional and irrevocable for at least the period of twelve months following the date of the audit report to be given in respect of the period ending 30 June 2019.

- SAFE instruments (see Note 11 Other financial liabilities) carried at a value of $1,415,163. These instruments are required to be settled in equity and consequently will have no adverse effect on funding.

- A loan from a related entity, OliveX Holdings Limited, of $360,000 (see Note 12 Borrowings). OliveX Holdings Limited has confirmed that it will not call upon OliveX (HK) Limited to repay the loan for a period of twelve months from the date of the audit report to be given in respect of the year ending 30 June 2019. Following a reorganisation of ownership of the Company by Animoca Brands Limited the loan from OliveX Holdings Limited to the Company will become an inter-company loan.

- The Company has the ability to scale back a significant portion of its development activities, if required.

Accordingly, the board of directors believe that the Company will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

NOTE 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The principal policies adopted in the preparation of the financial statements are set out in the Note 2. These policies have been consistently applied to all the years presented, unless otherwise stated.

a. Revenue from contracts with customers

The Group recognises revenue from the following major sources:

- Service revenues and fees; and

- Sale of electronic equipment

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

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

b. Income tax

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

NOTE 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONT'D)

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

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

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

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date.

Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

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

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

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

c. Plant and equipment

i. Recognition and measurement

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

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

Items of property, plant and equipment are measured at cost less accumulated depreciation (see below) and impairment losses (see Note 2i Impairment of non- financial assets).

ii. Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the Consolidated Company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Plant and equipment	20.00%
Computers	33.00%

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.

NOTE 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONT'D)

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When re-valued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings

d. Intangible assets

Intangible assets acquired or developed internally are initially measured at cost.

The cost of an acquired intangible asset comprises its purchase price, import duties, and non-refundable purchase taxes, after deducting trade discounts and rebates, and any directly attributable cost of preparing the asset for its intended use.

Subsequent expenditure on intangible assets is capitalised only if it is probable that it will increase the future economic benefits associated with the specific asset. Other expenditure is recognised in profit or loss as incurred.

After initial recognition, intangible assets are measured at cost less accumulated amortisation and impairment losses, if any.

Intangible assets are amortised on a straight-line basis over their estimated useful lives, which do not exceed the contractual period, if any. The estimated useful lives, residual values, and amortisation methods are reviewed at each year end, and any changes in estimates are accounted for prospectively.

e. Employee benefits

For the period ending 30 June 2019 the Company had 4 employees.

i. Defined contribution superannuation funds

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

ii. Short-term benefits

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

Non-accumulating non-monetary benefits, such as medical care, housing, cars and free or subsidised goods and services, are expensed based on the net marginal cost to the Company as the benefits are taken by the employees.

iii. Other long-term benefits

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

f. Equity-settled compensation

The Company proposes to secure shareholder approval for an employee share ownership scheme. On the issue of shares to employees, the share-based payments will be measured at the fair value of the instruments issued and amortised over the vesting periods. Share-based payments to non-employees will be measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options will be determined using the Black-Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

NOTE 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONT'D)

g. Other income

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

h. Value-added taxes

Value-added taxes (VAT) is the generic term for the broad-based consumption taxes that the Company is exposed to Hong Kong.

Revenues, expenses, and assets are recognised net of the amount of VAT, except where the amount of VAT incurred is not recoverable from the relevant country's taxation authority. In these circumstances the VAT is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of VAT.

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

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

i. Leases

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

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

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

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

j. Financial instruments

i. Initial recognition and measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss.

Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately.

The Company does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

ii. Non-derivative financial instruments

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

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

NOTE 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONT'D)

iii. Classification and subsequent measurement

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

(2) Loans
Loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

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

(3) Trade and other receivables
Trade and other receivables are stated at amortised cost. Receivables are usually settled within 30 to 90 days.

Collectability of trade and other debtors is reviewed on an ongoing basis. An impairment loss is recognised for debts which are known to be uncollectible. An impairment provision is raised for any doubtful amounts.

(4) Trade and other payables
Trade payables and other payable are recognised when the Company becomes obligated to make future payments resulting from the purchase of goods and services which are unpaid and stated at their amortised cost.

The amounts are unsecured and are generally settled on 30-day terms.

(5) Financial liabilities
Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

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

iv. Amortised cost

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

v. Fair value

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

vi. Effective interest method

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

NOTE 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONT'D)

vii. Impairment

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

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

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively with Companies that share similar credit risk characteristics.

All impairment losses are recognised in the income statement.

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

viii. Derecognition

Financial assets are derecognised where the contractual rights to cash flow expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset.

Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

ix. Financial income and expenses

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

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

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

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

k. Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets and other than deferred tax assets (Note 2b Income tax) 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 of the Company that generates cash flows that largely independent from other assets. Impairment losses are recognised in the income statement, unless the asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

NOTE 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONT'D)

The recoverable amount of an asset or cash-generating unit is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash- generating unit to which the asset belongs.

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

l. Provisions

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

m. Foreign currency transactions and balances

i. Transaction and balances

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

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

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

n. Fair value estimation

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Information about the assumptions made in determining fair values of assets and liabilities is disclosed in the notes specific to that asset or liability.

o. Fair value of assets and liabilities

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

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

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

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

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

NOTE 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONT'D)

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

i. Valuation techniques

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

(1) Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

(2) Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

(3) Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

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

ii. Fair value hierarchy

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

(1) Level 1
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

(2) Level 2
Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

(3) Level 3
Measurements based on unobservable inputs for the asset or liability.

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

The Company would change the categorisation within the fair value hierarchy only in the following circumstances:

- if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa or

- if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

NOTE 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONT'D)

When a change in the categorisation occurs, the Company recognises transfers between levels of the fair value hierarchy (i.e. transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

p. Critical accounting estimates and judgements

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information.

Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

i. Key Judgements – Deferred expenditure

Research and development costs have been expensed through the Statement of Profit or Loss and Other Comprehensive Income. The board of directors exercised their judgement in determining that it was uncertain as to whether such expenditure met the criteria to capitalise the expenditure as set out in AASB 138 *Intangible Assets.*

ii. Key Estimate – Taxation

Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of directors. These estimates take into account both the financial performance and position of the Company as they pertain to current income taxation legislation, and the directors understanding thereof.

No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by tax authorities in relevant jurisdictions. The board of directors have considered it prudent not to raise any deferred tax assets at balance date as the board of directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable at this time.

iii. Key Estimate — Impairment

The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

iv. Key Estimate – Share-based payments

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model.

v. Key Estimate – Financial liabilities

The Company has entered into two SAFE instruments (see Note 11 Other financial liabilities), including a SAFE instrument during the current financial year. The SAFE instruments do not specify a coupon rate and therefore, suggest that the instruments do not have a financial cost. The Company believes there is a cost associated with the instrument. On the occurrence of a Liquidity Event, as defined in the instrument, the subscribers to the SAFE instruments are entitled to a discount to the listing share price of between 15-20%. Accordingly, the Company has exercised its judgement and used the discount to the listing price as the basis for determining the amortised cost.

NOTE 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONT'D)

q. New standards, interpretations and amendments adopted by the Company

The Company has adopted AASB 9 *Financial Instruments* from 1 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

The Company has adopted *AASB 15 Revenue from Contracts with Customers* 15 from 1 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

NOTE 3 REVENUE

	30 June 2019	1 August 2017 to 30 June 2018
	$	$
Major product lines		
Services	487,692	60,000
Apps and games revenue	48,328	38,707
Mirrors sales	8,737	-
	544,757	98,707
Timing of revenue recognition		
Goods transferred at a point in time	57,065	38,707
Services transferred over time	487,692	60,000
	544,757	98,707

NOTE 4 INCOME TAX

	30 June 2019 $	1 August 2017 to 30 June 2018 $
Income tax expense (benefit)		
Current tax	6,220	-
Deferred tax	-	-
	6,220	-
Deferred income tax expense included in income tax expense comprises		
Increase/(decrease) in deferred tax assets	-	-
(Increase)/decrease in deferred tax liabilities	-	-
	-	-
Reconciliation of income tax expense to prima facie tax payable		
Accounting profit/(loss)	(420,092)	(656,826)
At the statutory income tax rate applicable to the Company 16.5%	(69,315)	(108,376)
Tax losses for the current year for which no deferred tax asset is recognised	56,950	105,686
Finance costs	18,550	2,755
Other	435	(65)
Income tax expense/(benefit)	6,220	-
Deferred tax assets		
Tax losses	56,950	105,686
Provisions and accruals	-	-
Other	-	-
	56,950	105,686
Set-off deferred tax liabilities		-
Net deferred tax assets	56,950	105,686
less Deferred tax assets not recognised	(56,950)	105,686
Net tax assets	-	-
Deferred tax liabilities		
Research and development	-	-
Set-off deferred tax assets	-	-
Net deferred tax liabilities	-	-
Tax losses		
Unused tax losses for which no deferred tax asset has been recognised that may be utilised to offset tax liabilities:		
Revenue losses	985,675	640,520
Capital losses	-	-
	985,675	640,520

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

a. The Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss and research and developments costs to be realised.

b. The Company continues to comply with conditions for deductibility imposed by law,

c. No changes in tax legislation adversely affect the Company in realising the benefits from the deductions for the loss and research and development costs.

NOTE 5 CASH AND CASH EQUIVALENTS

	30 June 2019 $	30 June 2018 $
Cash at bank	890,667	1,115

For the purpose of Statement of Cash Flows, the amounts disclosed as cash and cash equivalents comprises the above.

NOTE 6 RECEIVABLES-CURRENT

	30 June 2019 $	30 June 2018 $
Trade receivables	37,150	68,048
Advance Outblaze Venture Holdings Limited	-	73,000
	37,150	141,048

Receivables are non-interest bearing and are generally on 30 to 90-day terms.

At balance date, 30 June 2018, the Company advanced monies, interest-free, to Outblaze Venture Holdings Limited, an entity related to one of the founders of the Company, Mr Yat Siu. The amount was repaid during the course of the financial year.

NOTE 7 INVENTORIES

	30 June 2019 $	30 June 2018 $
Mirrors	16,991	-

NOTE 8 OTHER CURRENT ASSETS

	30 June 2019 $	30 June 2018 $
Prepayments	44,062	4,251

NOTE 9 PROPERTY PLANT AND EQUIPMENT

	30 June 2019 $	30 June 2018 $
Non-current		
Computers	6,170	-
Accumulated depreciation	(153)	-
	6,017	-
Movements in carrying amounts		
Balance at the beginning of the year	-	-
Additions	6,170	-
Accumulated depreciation	(153)	-
	6,017	-

NOTE 10 PAYABLES-CURRENT

	30 June 2019 $	30 June 2018 $
Trade payables	52,862	336,544

Trade payables are non-interest bearing and arise from the usual operating activities of the Company. Trade and other payables are usually settled within the lower of terms or 30 days.

NOTE 11 OTHER FINANCIAL LIABILITIES

a. SAFE Instruments-conversion rights

	30 June 2019 $	30 June 2018 $
Opening balance	75,131	-
Additions	197,576	75,131
Transfers to equity	-	-
	272,707	75,131

The Company issued SAFE Tranche 1B for $240,000 (2018: $200,000) and SAFE Tranche 2 for $846,045. These instruments incorporate as a principal term rights to convert the SAFE into equity instruments on the occurrence of a Liquidity Event.

The amount recorded as conversion rights represents conversion rights by applying the effective interest rate for the SAFE instruments with the residual value being applied to the conversion rights.

b. Other financial liabilities – SAFE Instruments-amortised cost

	30 June 2019 $	30 June 2018 $
SAFE		
Current portion	1,142,456	-
Non-current portion	-	141,565
	1,142,456	141,565
Opening balance	141,565	-
SAFE issue	1,086,045	200,000
Finance cost	112,422	16,696
Fair value adjustment	(197,576)	(75,131)
Closing balance	1,142,456	141,565
Present value	1,142,456	141,565
Finance costs	143,589	58,435
	1,286,045	200,000

During the financial year, the Company issued $240,000 in SAFE Tranche 1B instruments and $846,045 in SAFE Tranche 2 instruments.

SAFE Tranche 1 entitle the subscribers to a 20% discount on the listing price of the ordinary shares of the Company or its successor entity and SAFE Tranche 2 entitle the subscribers to a 15% discount on the listing price of the Company or its successor entity.

The Company has determined that the SAFE instruments are financial liabilities and accordingly, recorded these instruments on an amortised cost basis using the effective interest rate method of 21% (Tranche 1) and 16% (Tranche 2). The difference between proceeds from the SAFE instrument and the carrying value of the SAFE instrument at inception is recorded as the conversion rights.

NOTE 11 OTHER FINANCIAL LIABILITIES (CONT'D)

On the restructuring of the Company these financial instruments will be transferred to OliveX Holdings Limited. OliveX Holdings Limited will assume responsibility for the obligations of the Company under the SAFE instruments to the Investors.

	30 June 2019 $	30 June 2018 $
Other financial liabilities		
SAFE instrument-amortised cost	1,142,456	141,565
SAFE instrument-conversion rights	272,707	75,131
Total other financial liabilities	1,415,163	216,696

NOTE 12 BORROWINGS

	30 June 2019 $	30 June 2018 $
Advance from OliveX Holdings Limited	360,000	-

During the course of the financial year, the Company secured a loan from a related entity, OliveX Holdings Limited, an entity incorporated under the laws and regulations of the Commonwealth of Australia, and on completion of the corporate restructure of the ownership of OliveX (HK) Limited by Animoca Brands Limited will become the ultimate parent entity of Olive HK Limited. OliveX Holdings Limited provided the Company with an interest-free loan of $360,000 that was payable on demand.

OliveX Holdings Limited has provided OliveX (HK) Limited with a letter of financial support where it has agreed not to call on Olive HK Limited to repay the loan for the next 12 months. The loan will become an inter-company loan following completion of the restructure of the ownership of OliveX (HK) Limited and OliveX Holdings Limited becomes the ultimate parent entity.

NOTE 13 CONTRIBUTED EQUITY

	30 June 2019 $	30 June 2018 $
Paid-up capital at the start of the financial period	200,000	-
Shares issued to founders of OliveX business	-	187,400
Shares subscribed to by seed investors	-	12,600
	-	200,000
Paid-up capital at the end of the financial year	200,000	200,000

	30 June 2019	30 June 2018
Shares on issue at the start of the financial period	200,000	-
Shares issued to founders of OliveX business	-	187,400
Shares subscribed to by seed investors	-	12,600
	-	200,000
Shares on issue at the end of the financial period	200,000	200,000

Ordinary shares
Ordinary shares have the rights to receive dividends as declared and, in the event of winding up, participate in the proceeds from the sale of all surplus assets in proportion to the number of, and amounts paid up on, the shares held. Each fully paid ordinary share carries one vote. Ordinary shares issued to shareholders since incorporation have a par value of $1 per share.

NOTE 13 CONTRIBUTED EQUITY (CONT'D)

Options over ordinary shares and performance shares
There are no options over ordinary shares on issue or performance shares on issue.

NOTE 14 SEGMENT REPORTING

The Company has one business segment and one jurisdiction for conducting its business and therefore, has not applied AASB 114 *Segment reporting*.

NOTE 15 CASH FLOW RECONCILIATION

	30 June 2019 $	1 August 2017 to 30 June 2018 $
Net loss after tax	(426,312)	(656,826)
Adjusted for:		
Depreciation	153	-
Exchange fluctuation	2,636	(390)
Finance costs	112,422	16,696
Research and development	(307,530)	494,930
Changes in other current assets and current liabilities		
Current assets		
Receivables	(8,913)	(72,299)
Inventories	(16,991)	-
Current liabilities		
Payables	23,848	29,014
	(620,687)	(188,875)

NOTE 16 CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	30 June 2019 $	1 August 2017 to 30 June 2018 $
Other financial liabilities		
Opening balance	141,565	-
Cash inflows	1,086,045	200,000
Cash outflows	-	-
Other financial liabilities	(197,576)	(75,131)
Finance costs	112,422	16,696
Closing balance	1,142,456	141,565
Borrowings		
Opening balance		
Cash inflows	-	-
Other financial liabilities	360,000	-
Finance costs	-	-
Closing balance	360,000	-
Total changes in liabilities from financing activities		
Opening balance	141,565	-
Cash inflows	1,446,045	200,000
Cash outflows	-	-
Other financial liabilities	(197,576)	(75,131)
Finance costs	112,422	16,696
Closing balance	1,502,456	141,565

NOTE 17 RELATED PARTIES

The following parties are classified by the board of directors as related parties:

- Animoca Brands Corporation Limited
- Animoca Brands Limited
- OliveX Holdings Limited
- OliveX Limited
- Outblaze Venture Holdings Limited
- Keith Rumjahn
- Yat Siu

During the current financial year, OliveX Holdings Limited, an entity incorporated under the laws and regulations of the Commonwealth of Australia, and a wholly owned entity of Animoca Brands Corporation Limited entered into a loan with the Company.

Following the ownership restructuring of the Company, OliveX Holdings Limited will become the ultimate parent entity as this entity will be listed on the National Stock Exchange.

OliveX Limited subscribed to $240,000 in Safe Tranche 1B instruments. On the occurrence of a Liquidity Event as defined in the SAFE Tranche 1, OliveX Limited will be entitled to be issued $240,000 in fully paid ordinary shares in the Company or its successor at a 20% discount to the issue price.

During the previous financial period, the Company acquired the intellectual property developed by Animoca Brands Limited by way of the issue of 155,400 fully paid shares and Mr Keith Rumjahn by way of the issue 32,000 fully paid shares.

The shares were issued at par value of the Company shares, $1.

Animoca Brands Corporation Limited through its wholly-owned controlled entity, Animoca Brands Limited, subscribed to $50,000 SAFE instruments which, on the occurrence of a Liquidity Event as defined by the SAFE instrument, Animoca Brands Limited will be entitled to be issued $50,000 in fully paid shares of the Company at a 20% discount to the issue price.

Outblaze Venture Holdings Limited, an entity controlled by Mr Yat Siu, was advanced $73,000 by the Company during the previous financial period. Mr Yat Siu is Chairman of Animoca Brands Corporation Limited and Animoca Brands Limited. The advance was repaid during the current financial year.

As at balance date, 30 June 2019, Animoca Brands Limited holds 77.7% of the shares on issue in the Company and therefore, the ultimate parent entity of the Company is Animoca Brands Corporation Limited, an entity incorporated under the laws and regulations of the Commonwealth of Australia.

Mr Keith Rumjahn was paid $96,410 by way of cash remuneration during the financial year.

NOTE 18 EVENTS AFTER BALANCE DATE

Subsequent to balance date, the shareholders of the Company agreed to swap their shares in OliveX (HK) Limited for shares in OliveX Holdings Limited, an entity incorporated under the laws and regulations of the Commonwealth of Australia, as part of a approved process to list the Company on the National Stock Exchange during the first half of 2020. As at listing OliveX Holdings Limited will hold 100% of the shares in the Company. Further, the Company has entered into an agreement with SAFE holders to transfer their rights to shares in the Company to OliveX Holdings Limited in order for the SAFE holders realise the Liquidity Event through the issue of shares in OliveX Holdings Limited.

On 28 April 2020, the Company received a letter of support from OliveX Holdings Limited, where OliveX Holdings Limited confirmed that:

- the loan of $360,000 is unsecured, interest free and is repayable on demand;
- the Company will not be called upon to repay the loan for a period of twelve months from the date of the audit report;
- OliveX Holdings Limited is in the process of completing an initial public offering; and
- OliveX Holdings will continue to provide ongoing financial support to the Company for at least a period of twelve months following the date of the audit report.

NOTE 18 EVENTS AFTER BALANCE DATE (CONT'D)

On January 30, 2020, the World Health Organisation declared the coronavirus outbreak (COVID-19) a "Public Health Emergency of International Concern" and on March 10, 2020, declared COVID-19 a pandemic. The operations of the Company could be negatively impacted by the regional and global outbreak of COVID-19 and may impact the Company's revenues, its results, and its ability to source funding for the next reporting year.

As at the date of this report, the full effect of the outbreak remains uncertain. The effects are likely to be significant but cannot be reliably estimated or quantified. The Company will monitor the ongoing developments and be proactive in mitigating the impact on its operations.

NOTE 19 CONTINGENT LIABILITIES AND COMMITMENTS

The Company had no contingent liabilities and commitments outstanding at balance date 30 June 2019.

NOTE 20 FINANCIAL RISK MANAGEMENT

a. Financial risk management objectives and policies

The Company's principal financial instruments comprise of cash and short-term deposits and other financial assets.

The main purpose of these financial instruments is to invest funds raised by the Company to advance its technologies in health and fitness..

The Company has other financial instruments such as current receivables and payables arising from corporate activities.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Chief Financial Officer is responsible for the management of the Group's financial risk. The Chief Financial Officer updates the board of directors regularly on financial risk management measures that he implements.

	Floating Interest Rate	**Fixed Interest Rate**	**Non-interest Bearing**	**Total**
For the Financial Year Ended 30 June 2019				
Financial assets				
Cash and cash equivalents	890,667	-	-	890,667
Receivables	-	-	37,150	37,150
Other current assets	-	-	44,062	44,062
	890,667	-	81,212	971,879
Financial liabilities				
Payables	-	-	(52,862)	(52,862)
Other financial liabilities	-	(1,415,163)	-	(1,415,163)
Borrowings	-	-	(360,000)	(360,000)
Net maturity	890,667	(1,415,163)	(331,650)	(856,146)
For the Financial Period 1 August 2017 to 30 June 2018				
Financial assets				
Cash and cash equivalents	1,115	-	-	1,115
Receivables	-	-	141,048	141,048
Other current assets	-	-	4,251	4,251
	1,115	-	145,299	146,414
Financial liabilities				
Payables	-	-	(336,544)	(336,544)
Other financial liabilities	-	(216,696)	-	(216,696)
	1,115	(216,696)	(191,245)	(406,826)

NOTE 20 FINANCIAL RISK MANAGEMENT (CONT'D)

b. Specific financial risk exposures and management

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

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

i. Credit risk

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

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

ii. Credit risk exposures

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

Credit risk related to balances with banks and other financial institutions is managed by the Company in accordance with approved Board policy. Such policy requires that surplus funds are only invested with financial institutions with the highest rating by Standard and Poor's, wherever possible.

iii. Impairment losses

Company's financial assets that are past due total $nil.

There has been no allowance for impairment in respect of the financial assets of the Company during this year.

iv. Liquidity risk

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

The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring sufficient cash and marketable securities are available to meet the current and future commitments of the Company. Due to the nature of the Company's activities since its incorporation, the Company does not have ready access to credit facilities, with the primary source of funding being equity raisings. The board of directors constantly monitor the state of equity markets in conjunction with the Company's current and future funding requirements, with a view to initiating appropriate capital raisings as required. Any surplus funds are invested with major financial institutions.

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

v. Market risk

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

NOTE 20 FINANCIAL RISK MANAGEMENT (CONT'D)

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

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

Interest rate risk is not material to the Company as no debt arrangements have been entered into, and movement in interest rates on the Company's financial assets is not material.

(2) Foreign exchange risk
Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Company holds financial instruments which are other than the US dollars functional currency of the Company.

With instruments being held by overseas operations, fluctuations in foreign currencies may impact on the Company's financial results. The Company's exposure to foreign exchange risk is minimal; however, the Board continues to review this exposure regularly.

(3) Price risk
Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

The Company is exposed to securities price risk on investments held for trading or for medium to longer terms.

The investment in listed equities has been valued at the market price prevailing at balance date. Management of this investment's price risk is by ongoing monitoring of the value with respect to any impairment.

c. Sensitivity analysis

i. Interest rate risk

The Company is exposed to market interest rates on moneys it has deposited with banking institutions in form of short-term deposits.

At the end of the financial period, the Company had the following financial assets exposed to US variable interest rate risk:

The main risks arising from the Company's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Chief Financial Officer is responsible for the management of the Company's financial risk. The Chief Financial Officer updates the board of directors regularly on financial risk management measures that he implements.

	30 June 2019 **$**	**30 June 2018** **$**
Cash and cash equivalents	890,667	1,115

At the end of the financial period, the Company had no financial liabilities exposed to variable interest rate risks.

The Company's cash management policy is to invest surplus funds at the best available rate.

NOTE 20 FINANCIAL RISK MANAGEMENT (CONT'D)

Set out below is a sensitivity analysis of the financial implications of interest rate risk exposure as at the end of the financial year. If interest rates had moved, with all other variables constant, profit after tax and equity would have been:

	30 June 2019 $	30 June 2018 $
Profit after tax		
Higher/(lower)		
+1% (100 basis points)	Neg	Neg
-1% (100 basis points)	Neg	Neg
Equity		
Higher/(lower)		
+1% (100 basis points)	Neg	Neg
-1% (100 basis points)	Neg	Neg

The movement in equity is directly linked to the movement in the Statement of Comprehensive Income as the Company does not undertake any interest rate hedging.

ii. Foreign currency risk

The Company has exposure to foreign currency risk in relation to US dollars for assets the Company holds in Hong Kong. The following table illustrates sensitivities to the Company's exposures to changes in the HKD/USD exchange rate. The table indicates the impact on how profit and equity values reported at balance sheet date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

The table below sets out the financial impact of the strengthening or weakening of the Hong Kong dollar against the US dollar on a profit after tax and equity basis as at the end of the financial year, with all other variables constant:

	30 June 2019 $	30 June 2018 $
Profit after tax		
Higher/(lower)		
+10% HKD/USD exchange rate	-	-
-10% HKD/USD exchange rate	-	-
Equity		
Higher/(lower)		
+10% HKD/USD exchange rate	Neg	Neg
-10% HKD/USD exchange rate	Neg	Neg
Profit after tax		
Higher/(lower)		
+10% HKD/USD exchange rate	-	-
-10% HKD/USD exchange rate	-	-
Equity		
Higher/(lower)		
+10% HKD/USD exchange rate	Neg	Neg
-10% HKD/USD exchange rate	Neg	Neg

At balance date, the Company does not hold financial instruments that would give rise to price risk

NOTE 20 FINANCIAL RISK MANAGEMENT (CONT'D)

d. Fair values

The fair values of financial assets and financial liabilities are recorded in the Statement of Financial Position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Cash and cash equivalents, trade and other receivables, and trade and other payables are short-term investments in nature whose carrying value is equivalent to fair value.

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

In accordance with a resolution of the board of directors of OliveX (HK) Limited, I state that:

In the opinion of the board of directors:

(a) financial statements, the accompanying notes to the financial statements and the additional disclosures set out in the Directors' Report give a true and fair view of the Company's financial position as at 30 June 2019 and of their performance for the period ended on that date; and

(b) the financial statements and notes also comply with Australian Accounting Standards as issued by the Australian Accounting Standard Board, as disclosed in Note 1a; and

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed

Rumjal.

Keith Rumjahn
Sole Director

11 June 2020

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INDEPENDENT AUDITOR'S REPORT
To the Members of OliveX (HK) Limited

Opinion

We have audited the financial report of OliveX (HK) Limited, which comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by those charged with governance.

In our opinion the accompanying financial report presents fairly, in all material respects, the financial position of OliveX (HK) Limited as at 30 June 2019, and its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards.

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 OliveX (HK) Limited in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other Information

Those charged with governance are responsible for the other information. The other information comprises the information included in OliveX (HK) Limited's annual report for the year ended 30 June 2019, 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 accordingly we do not express any form of assurance conclusion thereon.

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

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

Responsibilities of Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

RSM

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GNS

GARY SHERWOOD
Director

Sydney, NSW
Dated: 12 June 2020