THE LIVE MARKETING PLATFORM FOR HEALTH AND FITNESS

OLIVEX (HK) LIMITED

Company Number 2516003

Annual Report

30 June 2020

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Directors' report

Your directors present their report on OliveX (HK) Ltd (**OliveX** or **the Company**) and its controlled entities (collectively **the Company**) for the financial year ended 30 June 2020.

1. Directors

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

- Keith Rumjahn Sole Director

Directors have been in office since the start of the financial year up until the date of this report unless otherwise stated.

2. Dividends paid or recommended

The Company did not pay dividends during the financial year ended 30 June 2020 (2019: nil).

3. Significant Changes in the state of affairs

During the financial year, the shareholder of the Company entered into a transaction to sell their shares in OliveX (HK) Limited in exchange for shares in OliveX Holdings Limited, an entity incorporated under the laws and regulation of the Commonwealth of Australia, as part of a process to list the Company on the National Stock Exchange (NSX). Further, the Company entered into agreements 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. Olive X Holdings Limited listed on the NSX on 24 August 2020. As at the date of this report OliveX Holdings Limited holds 100% of the shares in the Company.

On 30 January 2020, the World Health Organisation declared the coronavirus outbreak (COVID-19) a “Public Health Emergency of International Concern” and on 10 March 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 and its results.

4. Operating and financial review

4.1. Principal Activities

The principal activities of the Company during the financial year 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 and social impacts of obesity, including on health care, government spending and quality of life.

4.2. Financial Review

a. Operating results

For the year ended 30 June 2020 the Company delivered a loss after tax of $899,853 (2019: loss after tax $426,312).

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.

b. Financial position

The net assets of the Company have decreased from 30 June 2019 by $899,853 to $(1,732,991) at 30 June 2020 (2019: $(833,138)).

As at 30 June 2020, the Company's cash and cash equivalents decreased from 30 June 2019 by $888,952 to $1,715 at 30 June 2020 (2019: $890,667) and had a working capital deficit of $39,254 (2019: $919,017 working capital), as noted in Note 15.

4.3. Events Subsequent to Reporting Date

There are no other significant after balance date events that are not covered in this Directors' Report or within the financial statements at Note 22 Events subsequent to reporting date.

KEITH RUMJAHN
Sole Director
Dated this Wednesday, 30 September 2020

Statement of profit or loss and other comprehensive income

for the year ended 30 June 2020

	Note	2020 $	2019 $
Continuing operations			
Revenue	2	399,605	544,757
Other income	2	24,398	384
		424,003	545,141
Cost of goods sold		(64,936)	-
Consulting		(262,201)	(67,230)
Depreciation and amortisation	3a	(1,962)	(153)
Employment costs	3b	(447,661)	(207,770)
Exchange fluctuation		(3,725)	(2,636)
Finance costs	3c	(186,517)	(112,422)
Impairment	3d	(100,000)	-
Marketing		(166,425)	(70,174)
Office costs		(40,459)	(18,687)
Research and development costs		(30,029)	(472,339)
Travel and accommodation		(9,721)	(9,705)
Other		(10,220)	(4,117)
Loss before tax		(899,853)	(420,092)
Income tax expense	4a	-	(6,220)
Net loss for the year		(899,853)	(426,312)
Other comprehensive income, net of income tax			
■ Items that will not be reclassified subsequently to profit or loss		-	-
■ Items that may be reclassified subsequently to profit or loss		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income attributable to members of the parent entity		(899,853)	(426,312)

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

Statement of financial position
as at 30 June 2020

	Note	2020 $	2019 $
Current assets			
Cash and cash equivalents	5	1,715	890,667
Trade and other receivables	6	43,652	37,150
Inventories	7	7,762	16,991
Other financial assets	8	-	-
Other current assets	9	6,775	44,062
Total current assets		59,904	988,870
Non-current assets			
Plant and equipment	10	25,364	6,017
Total non-current assets		25,364	6,017
Total assets		85,268	994,887
Current liabilities			
Trade and other payables	11	91,396	52,862
Other financial liabilities	12	1,616,679	1,415,163
Provisions	13	5,643	-
Borrowings	14	104,541	360,000
Total current liabilities		1,818,259	1,828,025
Non-current liabilities			
Other financial liabilities	12	-	-
Total non-current liabilities		-	-
Total liabilities		1,818,259	1,828,025
Net assets / (liabilities)		(1,732,991)	(833,138)
Equity			
Share capital	15	200,000	200,000
Share premium		50,000	50,000
Retained profits / (accumulated losses)		(1,982,991)	(1,083,138)
Total equity		(1,732,991)	(833,138)

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

Statement of changes in equity
for the year ended 30 June 2020

	Issued Capital $	Share Premium $	Retained Profits / (Accumulated Losses) $	Total $
Balance at 1 July 2018	200,000	50,000	(656,826)	(406,826)
Loss for the year attributable owners	-	-	(426,312)	(426,312)
Other comprehensive income for the year attributable owners	-	-	-	-
Total comprehensive income for the year attributable to owners	-	-	(426,312)	(426,312)
Transaction with owners, directly in equity				
Shares issued during the year	-	-	-	-
Transactions costs	-	-	-	-
Balance at 30 June 2019	200,000	50,000	(1,083,138)	(833,138)
Balance at 1 July 2019	200,000	50,000	(1,083,138)	(833,138)
Loss for the year attributable owners	-	-	(899,853)	(899,853)
Other comprehensive income for the year attributable owners	-	-	-	-
Total comprehensive income for the year attributable to owners	-	-	(899,853)	(899,853)
Transaction with owners, directly in equity				
Shares issued during the year	-	-	-	-
Transaction costs	-	-	-	-
Balance at 30 June 2020	200,000	50,000	(1,982,991)	(1,732,991)

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

Statement of cash flows
for the year ended 30 June 2020

	Note	2020 $	2019 $
Cash flows from operating activities			
Receipts from customers		393,102	575,655
Interest received		167	384
Interest paid		(1)	-
Payments to suppliers and employees		(910,929)	(410,637)
Research and development costs		(30,029)	(779,869)
Government Subsidy		24,231	-
Tax Paid		-	(6,220)
Net cash used in operating activities	5e	(523,459)	(620,687)
Cash flows from investing activities			
Purchase of plant and equipment	10	(21,309)	(6,170)
Purchase of convertible security		(100,000)	-
Loans to / from related parties		-	73,000
Net cash (used in)/provided by investing activities		(121,309)	66,830
Cash flows from financing activities			
Proceeds from other financial liabilities		15,000	1,086,045
Proceeds from borrowings		-	360,000
Repayment of borrowings		(238,336)	-
Net cash provided by financing activities		(223,336)	1,446,045
Net decrease in cash held		(868,104)	892,188
Cash and cash equivalents at the beginning of the year		890,667	1,115
Changes in foreign currency held		(20,848)	(2,636)
Cash and cash equivalents at the end of the year	5b	1,715	890,667

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

Notes to the financial statements

for the year ended 30 June 2020

Note 1 Statement of significant accounting policies

These are the financial statements and notes of OliveX (HK) Ltd (**OliveX** or **the Company**). OliveX is a company limited by shares, domiciled and incorporated in Hong Kong. OliveX is governed by the laws and regulation of the Special Administrative Region of Hong Kong.

The registered office and the principal office of the Company is 1 Cyberport, Cyberport Road, Cyberport, Hong Kong. The annual report has been presented in the functional currency of American dollars.

The financial statements were authorised for issue on 30 September 2020 by the directors of the Company.

a. Basis of preparation

i. Statement of compliance

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

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

ii. Going Concern

The financial report has 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.

The Company incurred a loss for the year of $899,853 (2019: $426,312 loss) and a net cash out-flow from operating activities of $523,459 (2019: $620,687 out-flow). As at 30 June 2020, the Company had a working capital deficit of $39,254. The Company's cash and cash equivalents decreased ($888,952) to $1,715. In addition, as disclosed in Note 21 COVID-19, of the financial statement 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:

- The Company has cash and cash equivalents of $1,715 as at 30 June 2020.
- The Company's parent entity, OliveX Holdings Limited ("OliveX Holdings") completed an Initial Public Offering ("IPO") and listed on the National Stock Exchange om 24 August 2020 and raised $2,181,987 in equity funding.
- SAFE instruments (see Note 11 Other financial liabilities) carried at a value of $1,269,442. All SAFE instruments converted into equity of OliveX Holdings on 3 August 2020 and consequently will have no adverse effect on funding.

The ability of the Company to continue as a going concern is principally dependent upon the ability of the Company to secure funds by raising capital from debt and equity markets and managing cash flow in line with available funds.

This financial report is prepared on the going concern basis, which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business. The ability of the Company to continue to pay its debts as and when they fall due is dependent upon the Company's ability to generate positive cash flows through its existing business and/ or raising further equity.

iii. Use of estimates and judgments

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 AASBs 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 1q.

Notes to the financial statements

for the year ended 30 June 2020

Note 1 Statement of significant accounting policies

iv. Comparative figures

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

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

b. Accounting Policies

The Company has consistently applied the following accounting policies to all periods presented in the financial statements. The Company has considered the implications of new and amended Accounting Standards applicable for annual reporting periods beginning after 1 July 2019 but determined that their application to the financial statements is either not relevant or not material.

c. 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.

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.

d. Foreign currency transactions and balances

i. Functional and presentation currency

The functional currency of the Company is measured using the currency of the primary economic environment in which that entity operates. The financial statements are presented in American dollars which is the Company's functional and presentation currency.

Notes to the financial statements
for the year ended 30 June 2020

Note 1 Statement of significant accounting policies

ii. Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-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.

e. Plant and equipment

i. Recognition and measurement

Items of plant and equipment are measured at cost less accumulated depreciation (see below) and impairment losses (see accounting policy 1k Impairment of non-financial assets).

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.

ii. Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment, except to the extent that they are included in the carrying amount of another asset as an allocation of production overheads.

Depreciation rates and methods are reviewed annually for appropriateness. The depreciation rates used for the current and comparative period are:

	2020 %	2019 %
■ Software	20.00	20.00
■ Computer	20.00	20.00

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.

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.

f. 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.

Notes to the financial statements
for the year ended 30 June 2020

Note 1 Statement of significant accounting policies

g. Employee benefits

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.

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

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

h. Leases

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

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

Right of use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before commencement date as well as any initial direct costs. The subsequent measurement of the right of use assets 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.

i. Financial instruments – assets

a. Classification

From 1 July 2018, the Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Notes to the financial statements
for the year ended 30 June 2020

Note 1 Statement of significant accounting policies

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

b. Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

c. Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

i. Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

ii. Equity instruments

- The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.
- Changes in the fair value of financial assets at FVTPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

d. Impairment

From 1 July 2018, the Company assesses on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Notes to the financial statements
for the year ended 30 June 2020

Note 1 Statement of significant accounting policies

j. Financial instruments - liabilities

a. Classification

From 1 July 2018, the Company classifies its financial liabilities in the following measurement categories:

- those to be measured subsequently at FVTPL, and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial liabilities and the contractual terms of the cash flows.

For financial liabilities measured at FVTPL, gains and losses, including any interest expenses will be recorded in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

For financial liabilities measured at amortised cost, the effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

b. Recognition and derecognition

Regular way purchases of financial liabilities are recognised on trade-date, the date on which the Company commits to purchase the financial liability. Financial liabilities are derecognised when the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liabilities derecognised and the consideration paid and payable is recognised in profit or loss.

c. Measurement

At initial recognition, the Company measures financial liabilities at its fair value plus, in the case of financial liabilities not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial liabilities. Transaction costs of financial liabilities carried at FVTPL are expensed in profit or loss.

k. Impairment of non-financial assets

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

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

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

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

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.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

Notes to the financial statements

for the year ended 30 June 2020

Note 1 Statement of significant accounting policies

m. 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.

n. Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled to in exchange for the goods or services.

The Company 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.

o. Finance income and expenses

The Company's finance income and finance costs include interest income and interest expense.

Interest income or expense is recognised using the effective interest method.

All revenue is stated net of the amount of VAT or Sales taxes (note 1p Value added taxes).

p. Value added taxes

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

Revenues, expenses, and assets are recognised net of the amount VAT, except where the amount of VAT incurred is not recoverable from the 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.

Notes to the financial statements
for the year ended 30 June 2020

Note 1 Statement of significant accounting policies

q. Critical Accounting Estimates and Judgments

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

i. Key Judgements – Deferred expenditure

Research and development costs have been expensed through the Statement of Profit and 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 – Financial liabilities

The Company has entered into two SAFE instruments (see note 12 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.

r. New, revised or amending Accounting Standards and Interpretations adopted

The Company has adopted all of the new, revised or amending Accounting Standards and Interpretations (**AASB**) issued by the Australian Accounting Standards Board (AASB Board) that are mandatory for the current reporting period.

Any new, revised or amending AASBs that are not yet mandatory have not been early adopted.

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

A number of new or amended standards become applicable for the current reporting period and the Company had to change its accounting policies and make retrospective adjustments as a result of adopting AASB 16 *Leases*.

The Company has adopted AASB16 *Leases* retrospectively with the cumulative effect of initially applying AASB 16 recognised at 1 July 2019.

The Company has recognised a lease liability and right-of-use asset for all leases (with the exception of short-term and low-value leases) recognised as operating leases under AASB 117 *Leases* where the Company is a lessee.

Lease liabilities are measured at the present value of the remaining lease payments. The Company's incremental borrowing rate as at 1 July 2019 was used to discount the lease payments.

The following practical expedients have been used by the Company in applying AASB 16 for the first time:

- For a portfolio of leases that have reasonably similar characteristics, a single discount rate has been applied
- Leases that have a remaining lease term of less than 12 months as at 1 July 2019 have been accounted for in the same way as short-term leases
- The use of hindsight to determine lease terms on contracts that have options to extend or terminate
- Applying AASB 16 to leases previously identified as leases under AASB 117 and Interpretation 4: Determining whether an arrangement contains a lease without reassessing whether they are, or contain, a lease at the date of initial application.
- Not applying AASB 16 to leases previously not identified as containing a lease under AASB 117

Notes to the financial statements

for the year ended 30 June 2020

Note 1 Statement of significant accounting policies

AASB 16 did not have a significant impact on the Company's recognition or disclosures. No restatement of comparative period amounts and no adjustment at 1 July 2019 is required. The adoption of AASB 16 has no impact on the Company's financial position as at 30 June 2020.

ii. Other standards not yet applicable

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Note 2 Revenue and other income	Note	2020 $	2019 $
a. Revenue – major product lines			
Services		335,241	487,692
Apps and games revenue		38,258	48,328
Mirror Sales		26,106	8,737
		399,605	544,757
b. Timing of revenue recognition			
Goods transferred at a point in time		64,364	57,065
Services transferred over time		335,241	487,692
		399,605	544,757
c. Other income			
Interest income		167	384
Government subsidy		24,231	-
		24,398	384

Note 3 Loss before income tax		2020 $	2019 $
a. Depreciation and amortisation			
Depreciation	10a	1,962	153
		1,962	153
b. Employment costs			
Salary and wages		400,307	193,816
MPF		14,154	6,354
Other		33,200	7,600
		447,661	207,770
c. Finance costs			
Interest expense		186,517	112,422
		186,517	112,422
d. Impairment of financial assets			
Impairment of financial assets		100,000	-
		100,000	-

Notes to the financial statements

for the year ended 30 June 2020

Note 4 Income tax	2020 $	2019 $
a. **Income tax expense**		
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	-	-
	-	-
b. **Reconciliation of income tax expense to prima facie tax payable**		
The prima facie tax payable / (benefit) on loss from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on operating loss at 16.5% (2019: 16.5%)	(148,476)	(69,315)
Add / (Less) tax effect of:		
■ Finance costs	-	18,150
■ Other	-	435
■ Deferred tax asset not brought to account	148,476	56,950
Income tax expense / (benefit) attributable to operating loss	-	6,220
Less rebates:		
■ Tax rebate for Research and Development	-	-
Income tax expense / (benefit)	-	-
c. **Deferred tax assets**		
Tax losses	311,112	162,636
Deferred tax assets	311,112	162,636
Set-off deferred tax liabilities	-	-
Deferred tax assets	311,112	162,636
Less: Deferred tax assets not recognised	(311,112)	(162,636)
Net deferred tax assets	-	-
d. **Deferred tax liabilities**		
Research and development	-	-
Set-off deferred tax assets	-	-
Net deferred tax liabilities	-	-

Notes to the financial statements
for the year ended 30 June 2020

Note 4 Income tax (cont.)	2020 $	2019 $
e. **Tax losses and deductible temporary differences**		
Unused tax losses and deductible temporary differences for which no deferred tax asset has been recognised, that may be utilised to offset tax liabilities:		
■ Revenue losses	1,885,528	985,675
	1,885,528	985,675

Potential deferred tax assets attributable to tax losses carried forward have not been brought to account at 30 June 2020 because the directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable at this point in time. These benefits will only be obtained if:

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;

b) the Company continues to comply with conditions for deductibility imposed by law; and

c) no changes in tax legislation adversely affect the Company in realising the benefit from the deductions for the loss.

Note 5 Cash and cash equivalents	2020 $	2019 $
a. **Current**		
Cash at bank	1,715	890,667
	1,715	890,667
b. **Reconciliation of cash**		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
■ Cash and cash equivalents	1,715	890,667
	1,715	890,667

c. The Company's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 18 Financial risk management.

Notes to the financial statements
for the year ended 30 June 2020

Note 5 Cash and cash equivalents (cont.)	2020 $	2019 $
e. Reconciliation of cash flow from operations to profit/(loss) after income tax		
Loss after income tax	(899,853)	(426,312)
Non-cash flows in (loss)/profit from ordinary activities:		
■ Depreciation and amortisation	1,962	153
■ Research and development	-	(307,530)
■ Finance costs	186,516	112,422
■ Exchange fluctuations	3,725	2,636
■ Impairment	100,000	-
Changes *in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:*		
■ Decease/(increase) in receivables	(6,502)	(8,913)
■ Decrease/(increase) in inventories	9,229	(16,991)
■ (Decrease)/increase in other current assets	37,287	-
■ (Decrease)/increase in trade and other payables	38,534	23,848
■ (Decrease)/increase in provisions	5,643	-
Cash flow (used in) operations	(523,459)	(620,687)
f. Reconciliation of cash flow from financing activities		
(i) *Other financial liabilities*		
Opening balance	1,142,456	141,565
Cash inflows/(outflows)	15,000	1,086,045
Other financial liabilities	(74,531)	(197,576)
Finance costs	186,517	112,422
Closing balance	1,269,442	1,142,456
(ii) *Borrowings*		
Opening balance	360,000	-
Cash inflows/(outflows)	(238,336)	360,000
FX changes	(17,123)	-
Closing balance	104,541	360,000
(iii) Total changes in liabilities from financing activities		
Opening balance	1,502,456	141,565
Cash inflows/(outflows)	(223,336)	1,446,045
Other financial liabilities	(74,530)	(197,576)
Finance costs	186,517	112,422
FX changes	(17,123)	-
Closing balance	1,373,984	1,502,456

Notes to the financial statements

for the year ended 30 June 2020

Note 6 Trade and other receivables

	2020 $	2019 $
Trade receivables	43,652	37,150
	43,652	37,150

Note 7 Inventories

	2020 $	2019 $
Mirrors	7,762	16,991
	7,762	16,991

Note 8 Other financial assets

	Note	2020 $	2019 $
Convertible security		100,000	-
Provision for impairment	8a	(100,000)	-
		-	-
a. Provision for impairment			
Balance at beginning of the year		-	-
Write off convertible security		100,000	-
Balance at end of year		100,000	-

The Company entered into a convertible security agreement with actiMirror Corporaton, an entity incorprated under the laws and regulations of Hong Kong Special Adminsitrative Region Limited, the supplier of mirrors to the Company on 9 July 2019.

The convertible security has a mandatory conversion clause on the occurrence of a qualified financing event with the Company entitled to 100,000 preferred shares in actiMirror Corporation at a par value of US$1 per preferred share.

A qualified financing event will occur on a change of control arising on sale of all or substantially all of actiMirror assets or shares or a merger where current shareholders hold less than 50% of the merged entity. A qualified financing event is also defined as a IPO or an equity raising by actiMirror of at leaset US$250,000.

The preferred shares entitled the Company to a Tag-along or Drag-along rights under a shareholders agreement as well as priority on liquidation. The preferred shares do not disclosed any dividend entitlement. The asset was fully impaired at 30 June 2020.

Note 9 Other current assets

	2020 $	2019 $
Prepayments	4,547	44,062
Rental deposit	2,228	-
	6,775	44,062

Notes to the financial statements
for the year ended 30 June 2020

Note 10 Plant and equipment	2020 $	2019 $
Software	20,284	-
Accumulated depreciation	(676)	-
	19,608	-
Computer equipment	7,195	6,170
Accumulated depreciation	(1,439)	(153)
	5,756	6,017
Total plant and equipment	25,364	6,017

a. Movements in Carrying Amounts

2019	Software $	Computer equipment $	Total $
Carrying amount at the beginning of the period	-	-	-
Additions	-	6,170	6,170
Depreciation expense	-	(153)	(153)
Carrying amount at the end of year	-	6,017	6,017

2020	Software $	Computer equipment $	Total $
Carrying amount at the beginning of the period	-	6,017	6,017
Additions	20,284	1,025	21,309
Depreciation expense	(676)	(1,286)	(1,962)
Carrying amount at the end of year	19,608	5,756	25,364

Note 11 Trade and other payables	Note	2020 $	2019 $
Unsecured			
Trade and other payables	11a	91,396	52,862
		91,396	52,862

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

The Company's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 18 Financial risk management.

Notes to the financial statements

for the year ended 30 June 2020

Note 12 Other financial liabilities	2020 $	2019 $
a. SAFE Instruments conversion rights		
Opening balance	272,707	75,131
Additions	74,530	197,576
Transfer to equity	-	-
	347,237	272,707

The Company issued SAFE Tranche 1B for $nil (2019: $240,000) and SAFE Tranche 2 for $15,000 (2019: $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.

	2020 $	2019 $
b. Other financial liabilities – SAFE Instruments amortised cost		
SAFE		
Current portion	1,269,442	1,142,456
Non-current portion	-	-
	1,269,442	1,142,456
Opening balance	1,142,456	141,565
SAFE issue	15,000	1,086,045
Finance costs	186,516	112,422
Fair value adjustments	(74,530)	(197,576)
Closing balance	1,269,442	1,142,456
Present value	1,269,442	1,142,456
Finance costs	31,603	143,589
	1,301,045	1,286,045

During the financial year, the Company issued $nil (2019: $240,000) in SAFE Tranche 1B instruments and $15,000 (2019: $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.

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

	2020 $	2019 $
Other financial liabilities		
SAFE instruments amortised cost	1,269,442	1,142,456
SAFE instruments conversion rights	347,237	272,707
Closing balance	1,616,679	1,415,163

Notes to the financial statements
for the year ended 30 June 2020

Note 13 Provisions		2020 $	2019 $
Provision for annual leave		5,643	-
		5,643	-

Note 14 Borrowings		2020 $	2019 $
Advance from OliveX Holdings Limited	14a	104,541	360,000
		104,541	360,000

a. In the 2019 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 becomes the ultimate parent entity of Olive HK Limited. OliveX Holdings Limited provided the Company with an interest-free loan of AUD$500,000 (USD$360,000) that was payable on demand.

During the course of the financial year, OliveX (HK) Limited made payments on behalf of OliveX Holdings Limited and therefore repaid $238,336 of the $360,000 loaned.

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 15 Contributed equity	2020 No.	2019 No.	2020 $	2019 $
Fully paid ordinary shares	1,560,000	1,560,000	200,000	200,000
a. Ordinary shares				
At the beginning of the period(1)	1,560,000	1,560,000	200,000	200,000
At reporting date	1,560,000	1,560,000	200,000	200,000

(1) A correction was made to the number of shares on issue in current period.

b. Ordinary shares

Ordinary shares have the right 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 on vote. Ordinary shares issued to shareholder since incorporation have a par value of HKD $1 per share.

c. Options over ordinary shares and performance shares

There are no options

Notes to the financial statements
for the year ended 30 June 2020

Note 15 Contributed equity (cont.)

d. Capital Management

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

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

The working capital position of the Company were as follows:

	Note	2020 $	2019 $
Cash and cash equivalents	5	1,715	890,667
Trade and other receivables	6	43,652	37,150
Other current assets	9	6,775	44,062
Trade and other payables	11	(91,396)	(52,862)
Working capital position		(39,254)	919,017

Note 16 Key Management Personnel (KMP)

The names and positions of KMP are as follows:

- Keith Rumjahn (sole director)

a. Key management personnel compensation included in employment costs are as follows:

	2020 $	2019 $
Short-term employee benefits	104,173	95,912
Post-employment benefits	2,309	2,296
	106,482	98,208

Notes to the financial statements

for the year ended 30 June 2020

Note 16 Key Management Personnel (KMP) (cont.)

b. Movement in shares

2020 – Company *Company KMP*	Balance at start of year No.	Received during the year as compensation No.	Received during the year on the exercise of options No.	Received during the year on conversion of performance shares No.	Other changes during the year No.[1]	Balance at end of year No.
Keith Rumjahn	32,000	-	-	-	217,600	249,600
	32,000	-	-	-	217,600	249,600

[1] Other changes during the year relate to a correction made to the shares on issue.

2019 – Company *Company KMP*	Balance at start of year No.	Received during the year as compensation No.	Received during the year on the exercise of options No.	Received during the year on conversion of performance shares No.	Other changes during the year No.[1]	Balance at end of year No.
Keith Rumjahn	32,000	-	-	-	-	32,000
	32,000	-	-	-	-	32,000

[1] Other changes during the year relates to the change in disclosure as a result of resignation of a director

Note 17 Other related party transactions

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

- Animoca Brands Corporation Limited
- Animoca Brands Limited
- OliveX Holdings Limited
- OliveX Limited

During the previous financial year, OliveX Holdings Limited, an entity incorporated under the laws and regulation 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 would become the ultimate parent entity and be listed on the National Stock Exchange. OliveX Holdings Limited was listed on the NSX on 24 August 2020.

OliveX Limited is a wholly owned subsidiary of Animoca Brands Limited. Animoca Brands Limited is a wholly owned subsidiary of Animoca Brands Corporation Limited. OliveX Limited owns 77.7% of the shares on issued in the Company and therefore, the ultimate parent entity of the Company is Animoca Brands Corporation Limited, an entity incorporated under the laws and regulation of the Commonwealth of Australia.

Notes to the financial statements
for the year ended 30 June 2020

Note 17 Other related party transactions (cont.)	2020 $	2019 $
The following transaction occurred with related parties:		
Transactions with other related parties		
Sale and purchase of goods and services		
Sale of various goods and services to Animoca Brands Limited	180,000	140,000
Purchase of various goods and services from Animoca Brands Limited	140,028	212,783
Outstanding balances arising from sales/purchases of goods and services		
The following balances are outstanding at the end of the financial year in relation to transaction with related parties:		
Current receivables		
Animoca Brands Limited	31,829	-
Current payables		
Animoca Brands Limited	-	28,039
SAFE Notes from related parties		
OliveX Limited	240,000	240,000
Animoca Brands Limited	50,000	50,000
Loans to/from related parties		
Loans from OliveX Holdings Limited		
Beginning of the year	360,000	-
Loan received	-	360,000
Payments made on behalf of OliveX Holdings Limited	(238,336)	-
Forex movement	(17,123)	-
End of Year	104,541	360,000

Note 18 Financial risk management

a. Financial Risk Management Policies

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

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

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

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

Notes to the financial statements
for the year ended 30 June 2020

Note 18 Financial risk management (cont.)

	Floating Interest Rate $	Fixed Interest Rate $	Non-interest Bearing $	2020 Total $	Floating Interest Rate $	Fixed Interest Rate $	Non-interest Bearing $	2019 Total $
Financial Assets								
■ Cash and cash equivalents	1,715	-	-	1,715	890,667	-	-	890,667
■ Loans and other receivables	-	-	43,652	43,652	-	-	37,150	37,150
■ Other current assets	-	-	6,775	6,775	-	-	44,062	44,062
Total Financial Assets	1,715	-	50,427	52,142	890,667	-	81,212	971,879
Financial Liabilities								
Financial liabilities at amortised cost								
■ Trade and other payables	-	-	91,396	91,396	-	-	52,862	52,862
■ Other financial liabilities	-	1,616,679	-	1,616,679	-	1,415,163	-	1,415,163
■ Borrowings	-	-	104,541	104,541	-	-	360,000	360,000
Total Financial Liabilities	-	1,616,679	195,937	1,812,616	-	1,415,163	412,862	1,828,025
Net Financial Assets/(Liabilities)	1,715	(1,616,679)	(145,510)	(1,760,474)	890,667	(1,415,163)	(331,650)	(856,146)

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 adopts practices designed to identify significant areas of business risk and to effectively manage those risks in accordance with the Company's 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.

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

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

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

Notes to the financial statements
for the year ended 30 June 2020

Note 18 Financial risk management (cont.)

- Credit risk exposures

The maximum exposure to credit risk is to its alliance partners and 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's policy. Such policy requires that surplus funds are only invested with financial institutions residing in Australia, where ever possible.

- Impairment losses

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

	Gross 2020 $	Impaired 2020 $	Net 2020 $	Past due but not impaired 2020 $
Trade receivables				
Not past due	-	-	-	-
Past due up to 60 days	100	-	100	100
Past due 60 days to 90 months	2,266	-	2,266	2,266
Past due over 90 months	1,872	-	1,872	1,872
	4,238	-	4,238	4,238
Other receivables				
Not past due	39,414	-	39,414	39,414
Total	43,652	-	43,652	43,652

(ii) 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.

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

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

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.

Notes to the financial statements

for the year ended 30 June 2020

Note 18 Financial risk management (cont.)

- *Contractual Maturities*

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

	Within 1 Year		Greater Than 1 Year		Total	
	2020 $	2019 $	2020 $	2019 $	2020 $	2019 $
Financial liabilities due for payment						
Trade and other payables	91,396	52,862	-	-	91,396	52,862
Other financial liabilities	1,616,679	1,415,163	-	-	1,616,679	1,415,163
Borrowings	-	-	104,541	360,000	104,541	360,000
Total contractual outflows	1,708,075	1,468,025	104,541	360,000	1,812,616	1,828,025
Financial assets						
Cash and cash equivalents	1,715	890,667	-	-	1,715	890,667
Trade and other receivables	43,652	37,150	-	-	43,652	37,150
Total anticipated inflows	45,367	927,817	-	-	45,367	927,817
Net (outflow)/inflow on financial instruments	(1,662,708)	(540,208)	(104,541)	(360,000)	(1,767,249)	(900,208)

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

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the 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.

(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 movements in interest rates on the Company’s financial assets is not material.

Sensitivity

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.

Notes to the financial statements
for the year ended 30 June 2020

Note 18 Financial risk management (cont.)

	2020 $	2019 $
Cash and cash equivalents	1,715	890,667
	1,715	890,667

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

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

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

Interest rates	Profit $	Equity $
Year ended 30 June 2020		
±100 basis points change in interest rates	± Neg	± Neg
Year ended 30 June 2019		
±100 basis points change in interest rates	± Neg	± Neg

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

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

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the 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.

Sensitivity

The Company has exposure to foreign exchange risk in relation to US dollars for assets the Company holds in Hong Kong dollars. The following table illustrates sensitivities to the changes in the HKD/USD exchange rate. The table indicates the impact on how the 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:

Foreign exchange	Profit $	Equity $
Year ended 30 June 2020		
±10% of American dollar strengthening/weakening against the HKD	±Neg	±Neg
Year ended 30 June 2019		
±10% of American dollar strengthening/weakening against the HKD	±Neg	±Neg

Notes to the financial statements

for the year ended 30 June 2020

Note 18 Financial risk management (cont.)

(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 does not presently hold material amounts subject to price risk. As such the Board considers price risk as a low risk to the Company.

Note 19 Commitments

The Company has no material commitments as at 30 June 2020 (2019: nil).

Note 20 Contingent liabilities

There are no contingent liabilities as at 30 June 2020 (2019: nil).

Note 21 COVID-19

The outbreak of the coronavirus disease (COVID-19) is impacting global economic markets. The nature and extent of the effect of the outbreak on the performance of the Company remains unknown. The Company's financial performance has not be adversely affected in the short to medium term by the economic uncertainty caused by COVID-19. Further, any governmental or industry measures taken in response to COVID-19 may adversely impact the Company's operations and are likely to be beyond the control of the Company.

The Directors are closely monitoring the impact of COVID-19 and are considering the effect on the Company's business and financial performance. However, the situation is evolving daily, and the consequences are uncertain. As a result, this may further impact the Company's financial performance, however the Directors believe this will not affect the company's ability to continue as a going concern.

Note 22 Events subsequent to reporting date

On 2 July 2020, OliveX Holdings Limited lodged a replacement prospectus for an offer of 10,000,000 shares at an issue price of $0.20 each to raise $2,000,000 before costs, with the ability to accept oversubscription for a further 5,000,000 shares to raise an additional $1,000,000 before costs. On 10 August 2020, OliveX Holdings Limited successfully raised $2,181,987 before costs under the IPO through the issue of 10,909,935 share at an issue price of $0.20 per share.

In preparation for the initial public offer, the Company proposed to acquire 100% of the issued capital of OliveX (HK) Limited. In or about May 2020, to complete the acquisition, the Company entered into Security Purchase Letter Agreement (SPLAs) with each holder of fully paid ordinary shares in the capital of OliveX HK and each holder of the safe convertible notes (together the Security holders),whereby a total of 23,559,996 Shares and 20,000,000 performance rights were to be issued to the Securityholders on the completion of the Acquisition. On 3 August 2020, the acquisition was completed, and the Company issued 23,559,996 Shares and 20,000,000 performance rights and became the 100% owner of OliveX (HK) Limited.

On 24 August 2020, OliveX Holdings Limited was admitted to the NSX.

Directors' declaration

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 2020 and of their performance for the year ended on that date; and

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

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

Signed

KEITH RUMJAHN
Sole Director
Dated this Wednesday, 30 September 2020

Moore Australia Audit (WA)

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF OLIVEX (HK) LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of OliveX (HK) Limited (the Company), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other 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 directors' declaration.

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

i. giving a true and fair view of the Company's financial position as at 30 June 2020 and of its financial performance for the year then ended; and

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

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 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 Company 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 Company or to cease operations, or has no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF OLIVEX (HK) LIMITED (CONTINUED)

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 on the Auditing and Assurance Standards Board website at. https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf This description forms part of our auditor's report.

Neil Pace

NEIL PACE
PARTNER

Moore Australia

MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth on the 30th day of September 2020