

## Appendix 4E - Preliminary Final Report

Name of Entity	Grandbridge Limited
ABN	64 089 311 026
Financial Year Ended	Year ended 30 June 2019
Previous Corresponding Reporting Period	Year ended 30 June 2018

### Results for announcement to the market

\$A'000

Revenues from ordinary activities (i)	Down	65%	to	116
Net profit from ordinary activities after tax attributable to members (ii) (Prior year loss of \$734,263)	N/A	N/A		61
Net profit for the period attributable to members (ii) (Prior year loss of \$734,263)	N/A	N/A		61
<b>Dividends (distributions)</b>	<b>Amount per security</b>	<b>Franked amount per security</b>		
Final dividend	Nil	Nil		
Interim dividend				
Previous corresponding period	Nil	Nil		

- (i) Current period revenues include the reversal of \$212,052 of fees relating to the termination of a service agreement with MEC Resources Limited ("MEC"), and the reversal of the associated loan provision (see (ii) below), as a result of a legal settlement reached in August 2019,
- (ii) Net profit after tax is after recognising provision against loans write-back of \$680,872 (2018: \$Nil), of which \$212,052 relates to the termination of a service agreement with MEC Resources Limited and \$128,640 relates to the termination of a service agreement with Advent Energy Limited, both as a result of a legal settlement reached in August 2019.

### Ratios

	Year ended 30 June 2019	Year ended 30 June 2018
<b>Profit before tax / revenue</b>		
Consolidated profit / (loss) from ordinary activities before tax as a percentage of revenue	53%	(222%)
<b>Profit after tax / equity interests</b>		
Consolidated net profit / (loss) from ordinary activities after tax attributable to members as a percentage of equity (similarly attributable) at the end of the period	6%	(221%)
<b>Net tangible asset backing per ordinary security (cents per share)</b>	3.5	1.1

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## Commentary on results

The consolidated entity has reported an unaudited net profit after tax for the year ended 30 June 2019 of \$61,062 (30 June 2018: loss \$734,263), which is stated after (i) provision against loans write-back of \$680,872 (2018: \$Nil), of which \$212,052 relates to the termination of a service agreement with MEC Resources Limited and \$128,640 relates to the termination of a service agreement with Advent Energy Limited, both as a result of a legal settlement reached in August 2019 (ii) a fair value loss of \$Nil (2018: loss of \$293,750) on the Company's investment in Advent Energy Limited (iii) consulting and legal expenses of \$140,176 partly relating to ongoing legal disputes (2018: \$182,176) (iv) unrealised losses on the revaluation of financial investments of \$175,612 (2018: loss of \$217,307). The consolidated entity has a working capital deficit of \$209,662 (2018: deficit of \$273,958).

The Group has applied AASB 9 retrospectively with the effect of initially applying this standard recognised at the date of initial application, being 1 July 2018 and has elected not to restate comparative information. Accordingly, the information presented for 30 June 2018 has not been restated. The effect of applying AASB 9 is to increase financial assets and reduce accumulated losses by \$677,820 in respect of the fair value of shares in an unlisted public company previously carried at cost. Primarily as a result of this the net assets of the economic entity have increased by \$738,882 to \$1,071,877 at 30 June 2019.

The Company's shares were suspended on ASX on 1 June 2017 due to the Company's financial position and remain in suspension.

Developments in the Company's investments include:

### **BPH Energy Limited ("BPH")**

#### *Capital Raising*

During the year BPH issued 1,186,040,241 shares under a one for one non-renounceable entitlement issue ("Rights Issue") at an issue price of \$0.001 per share of which \$1,027,504 was received in cash and \$158,536 satisfied by debt set-off. In addition, during the period BPH raised \$148,000 cash from the issue of placement shares, issued 100,000,000 shares in exchange for 5,555,556 shares in MEC Resources Limited, issued 123,050,000 shares as settlement of consulting fees, and issued 20,000,000 shares as part of director remuneration.

#### *Operations*

On 21 August 2019 the Company announced that it intended to pursue a complementary strategy of making an investment (or investments) in the medical cannabis sector, as it is considered that an investment of this nature is in line with its investee company strategy and, in particular, its biomedical business.

The medical cannabis sector is showing significant growth with current developments boosting the sectors viability including the move to legalise cannabis in Canada and the announcement by the UK Government to legalise medical cannabis. In pursuing this strategy, BPH has agreed to acquire an initial investment of 10% (with the option to increase its percentage to 49%) in Patagonia Genetics Pty Ltd ("PG Aust"), the entity that owns a 100% interest in Patagonia Genetics SPA ("PG"), a Chilean entity.

The key terms are:

- (a) BPH agrees to acquire a total 10% interest in PG Aust in consideration for a subscription amount of \$50,000 in cash into the entity and the issue of 150,000,000 BPH shares and payment of \$50,000 by equal instalments over 6 months to the shareholders of PG Aust ("T1 transaction"). The amount of capital issued by BPH for the consideration represents approximately 5.5% of the capital of BPH; and
- (b) BPH is granted the option to acquire a total shareholding of 49% in PG Aust (that is, an additional 39% when added to the original acquisition of a 10% interest) in consideration for a subscription amount of \$700,000 into the entity and the issue of 450,000,000 shares in the capital of BPH ("T2 transaction").

The transaction will be conditional on appropriate due diligence, and for the T2 transaction, shareholder approval. There will be no requirement for a shareholder approval for the T1 transaction as the consideration will be met from the current cash position and the shares issued from the existing 15% capacity of BPH.

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It is acknowledged as part of the terms sheet and it will be acknowledged in the warranties and representations in the formal agreement to be prepared that the licence applications are owned by PG and that PG Aust and PG will not apply for or pursue recreational cannabis licences nor make investments in the recreational cannabis space or in any activities or projects using Mistella (unless the transactions have been otherwise approved by ASX).

### **Cortical Dynamics Ltd (“Cortical”)**

Cortical announced a number of developments during the period which included:-

- On 16 October 2018 Mr. Gary Todd was appointed as Managing Director of BPH investee Cortical. Mr Todd has extensive sales experience gained over the last thirty years both in Australia and internationally in Medical Devices, FMCG and IT&T markets
- Sydney Adventist Private Hospital in Sydney trialled the Brain Anaesthesia Response Monitoring System known as “BARM” during the first two weeks of July 2019 and positive comments were received from all four anaesthetists that trialled BARM
- LiDCO Ltd UK is currently trialling the “BARM” at Southampton University Hospital through September 2019. In the UK, the LiDCO Group enjoys a leading market share, with over 50% of NHS acute care hospitals using its technology.
- Successful trials of the BARM were carried out at St. Luke’s Private Hospital and Strathfield Private Hospital in Sydney. Strathfield is part of the Ramsay Hospital Group. The trials were conducted by Dr Adrian Sultana MD FRCP (Glasg) FANZCA, a consultant anaesthetist. He is a Clinical Lecturer in Anaesthesia at the Australian School of Advanced Medicine, Macquarie University. He is also a director of the International Society for the Perioperative Care of the Obese Patient. Key conclusions from these trials by Dr Sultana trialling BARM during 2018 and in 2019 to date include:
  - The BARM has shown significant reduction in patients’ anaesthesia recovery time using TIVA (Total Intravenous Anaesthesia)
  - The Cortical BARM was “Remarkably stable and the responsive signal permitted a new level of belief in the awareness monitoring technique and allowed him me to run cases at a Composite Cortical State (CCS) index of 45 with confidence in early tapering of the patients anaesthesia using TCI (infusions of propofol and remifentanyl)
  - The BARM had impressive stability and speed of response. I was able to administer significantly less Dr Sultana reported that “Often when using the BIS/Entropy (monitors), they dramatically lag the patents emergence and I have had patients that take up to 20 minutes to wake up
  - In usage with NMB (Neuromuscular Block) he was able to “achieve accuracy, predictability and a smooth wake up”

The BAR Monitor has now been used with approximately 160 patients at Strathfield and St Luke’s Hospitals.

Cortical believes these conclusions have significant implications for hospital operations:

- (i) Optimising the dose of anaesthetic agent used can reduce the use of anaesthetic agents, and improve patient turn-around times and lead to cost savings
  - (ii) Facilitate the delivery of higher quality and more reliable service to hospitals and patients
- Cortical advised that it has issued an Offer Information Statement to undertake a capital raising.

Cortical had previously announced it had signed two five-year exclusive distribution agreements, one with a European distribution company, Innomed, covering Belgium, Netherlands and Luxembourg and the other with a South Korean distribution company, Globaluck.

In early November, Mr Louis Delacretaz, Cortical’s Chief Technical Officer, attended the Korea Anesthesia 2018 congress in Seoul. Prior to the congress start, Mr. Delacretaz attended a series of meetings organised by Austrade with anaesthesiology professors from the Seoul National University College of Medicine, Konkuk University School of Medicine and the Catholic University of Korea College of Medicine.

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Each Professor was actively looking for a substitute for their current monitors as they had strong concerns about the credibility of the current monitors reading. In several meetings they were very interested in a means to determine the patients' pain levels and interested in trialing the BARM as a substitute device.

Cortical engaged an international testing and certification organization to test and certify the BARM to comply with the Korean certification process. The assessment also includes the latest medical safety standard deviations for Australia, New Zealand, European Union and the USA.

The regulatory compliance process to enable distribution of the BARM in Korea has now been significantly advanced.

### **MEC Resources Limited ("MEC")**

#### *Settlement of Legal Matters with MEC*

On 9 August 2019 BPH announced that it had reached a settlement with MEC in relation to the oppression proceedings it commenced in the Supreme Court of Western Australia with Grandbridge, Trandcorp Pty Ltd ("Trandcorp"), and Mr David Breeze.

In addition to the settlement of the oppression proceedings, BPH, MEC, GBA, Trandcorp and Mr David Breeze settled a number of other proceedings and entered into a deed of settlement and release with Advent Energy Ltd ("Advent") and other relevant parties. As part of the settlement it was agreed that Messrs Matthew Battrick and Tobias Foster would appoint Messrs Steven James, Tony Huston and Thomas Fontaine as directors of Advent, and that Messrs Matthew Battrick and Tobias Foster would then resign from the Board of Advent. The Incoming Directors have since confirmed and acknowledged Mr David Breeze as a duly elected director of Advent.

The key terms of the settlement are as follows:

- The appointment of the Incoming Directors and the resignation of the Resigning Directors
- Until 23 July 2021, MEC agrees to not directly or indirectly interfere with the board composition and/or management of Advent.
- For a period of one year commencing from 6 August 2019 MEC must not sell or otherwise dispose of any shares it holds in Advent, other than by an in-specie distribution to MEC if requested in writing to do so by Advent. If notice is given, MEC must do all that is required to effect and support the In-Specie Distribution.
- The loan of \$3,600,000 owed by Advent to MEC will be recoverable by MEC only by the following means and only in the following circumstances:

One month prior to the scheduled commencement date for the drilling of a well within the PEP 11 Permit Area, Advent will issue to MEC ordinary shares to the face value of the debt calculated at 80% of:

(a) the volume-weighted average price of Advent shares over the 5 days trading immediately prior to that date; or

(b) if as at that date Advent shares are not listed on any securities exchange, the price at which ordinary shares in Advent were last issued.

### **Advent Energy Ltd (GBA 6.6 % Direct)**

#### **(i) PEP 11**

PEP11, offshore Sydney Basin adjacent to Newcastle-Sydney offshore New South Wales, is held 85% and operated by Asset Energy Pty Ltd ("Asset"), a wholly owned subsidiary of Advent Energy Ltd ("Advent"). PEP11 holds significant structural targets potentially capable of comprising multi-Tcf natural gas resources. The offshore Sydney Basin has been lightly explored to date, including a multi-vintage 2D seismic data coverage and a single exploration well, New Seaclem-1 (2010). Its position as the only petroleum title offshore New South Wales provides a significant opportunity should natural gas be discovered in commercial quantities in this petroleum title. It lies adjacent to the Sydney-Newcastle region and the existing natural gas network servicing the east coast gas market.

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Advent's two core prospects in PEP11 have previously been calculated via external assessment to have the potential for un-risked (P50) prospective gas resources of 472 and 2,131 billion cubic feet ("BCF") respectively, with multi-trillion cubic feet upside ("multi-TCF", Pmean).

Advent's prior presentation 'Strategic Summary: Tactics to Success ' confirmed the strategy of "Complete current 2D seismic commitment to deliver shallow hazard survey work ...to deliver 'drill ready' gas prospect ....for early drilling ,capturing near-term rig availability off Australia's coast."

In April 2018 Advent undertook a high resolution 2D seismic data over the Baleen prospect designed to evaluate (amongst other things) shallow geohazard indications including shallow gas accumulations that can affect future potential drilling operations. It is a drilling prerequisite that a site survey is made prior to drilling at the Baleen location. On 31 December 2018 MEC announced that there were "no 'seismically defined shallow gas hazards "at the proposed well location on the Baleen Prospect.

(ii) EP386 and RL1

EP386 and RL1 are held by Advent's 100% subsidiary Onshore Energy Pty Ltd. The petroleum titles lie in the onshore Bonaparte Basin, one of Australia's most prolific hydrocarbon producing basins. The petroleum wells Waggon Creek-1, Vienta-1 (EP386) and Weaber-4 (RL1) are cased and suspended. MEC has previously announced a two year extension to the EP386 permit till March 2019.

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Consolidated	
	Note	2019 \$	2018 \$
Revenue from ordinary activities	1	115,674	328,549
Interest income		480	480
Other income		3,447	3,984
Administration expenses		(267,554)	(269,411)
Fair value loss		(175,612)	(217,307)
Impairment charge		-	(293,750)
Payables write-back		7,500	75,000
Provision against loans write-back	6(b)	680,872	-
Investment written off		-	(1,652)
Consulting and legal expenses		(140,176)	(182,176)
Depreciation		(2,229)	(587)
Finance expense		(708)	(1,780)
Employee expenses	2	(112,237)	(111,091)
Insurance expenses		(6,428)	(16,424)
Share based expense		-	(2,148)
Occupancy expenses		(36,430)	(37,782)
Other expenses from ordinary activities		(5,537)	(4,904)
(Profit) / loss before income tax		61,062	(730,999)
Income tax (expense)	3	-	(3,264)
Profit / (loss) from continuing operations		61,062	(734,263)
<i>Other comprehensive income</i>			
Other comprehensive income (net of tax)		-	-
Profit / (loss) attributable to members of the parent entity		61,062	(734,263)
Total comprehensive income / (loss) attributable to members of the Company		61,062	(734,263)
<i>Earnings Per Share –</i>			
<i>Basic and diluted earnings per share (cents per share)</i>	4	0.20	(2.40)

The accompanying notes form part of and should be read in conjunction with this financial statement.

## NOTES TO THE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

### 1. Revenue and Other Income

	Consolidated	
	2019	2018
	\$	\$
<i>Revenue from ordinary activities</i>		
Management fees and administration recharges	327,726	328,549
Contract termination fees reversed	(212,052)	-
	<u>115,674</u>	<u>328,549</u>
<i>Other income</i>		
Other	<u>3,447</u>	<u>3,984</u>
	<u>3,447</u>	<u>3,984</u>

### 2. Expenses Included in the Profit / (Loss) for the Year

#### *Employee Expenses*

Salary	92,100	96,052
Superannuation	5,900	6,275
Other payroll expenses	14,237	8,764
	<u>112,237</u>	<u>111,091</u>

### 3. Income Tax (Expense)

- a) The components of income tax (expense) comprise:

Adjustments recognised in the current year in relation to the current tax of prior years

-	(3,264)
-	<u>(3,264)</u>

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

Profit / (loss) from ordinary activities before income tax	61,062	(730,999)
Prima facie tax benefit on profit / (loss) from ordinary activities before income tax at 27.5% (2018: 27.5%)	16,792	201,025
Effect of previously unrecognised and unused tax losses now brought to account	(16,792)	-
Expense relating to prior period	-	(3,264)
Temporary differences and tax losses not recognised	-	(201,025)
Income tax (expense) / benefit recognised	-	<u>(3,264)</u>

**NOTES TO THE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
(CONTINUED)**

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>4. Earnings per Share ("EPS")</b>		
Reconciliation of earnings to profit or loss		
Net profit / (loss) after tax attributable to members of the parent entity	61,062	(734,263)
Profit / (loss) used to calculate basic EPS	61,062	(734,263)
Profit / (loss) used to calculate dilutive EPS	61,062	(734,263)
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	30,633,364	30,633,364
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	30,633,364	30,633,364
Earnings per share (cents per share)	0.20	(2.40)
Diluted earnings per share (cents per share)	0.20	(2.40)



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**STATEMENT OF FINANCIAL POSITION**

		Consolidated	
	Note	2019 \$	2018 \$
<b>Current Assets</b>			
Cash and cash equivalents	5	7,740	10,052
Financial assets	6	1,200,366	1,037,158
Other current assets		1,114	9,204
<b>Total Current Assets</b>		1,209,220	1,056,414
<b>Non-Current Assets</b>			
Financial assets	6	1,305,654	627,834
Property, plant & equipment	7	5,831	3,326
<b>Total Non-Current Assets</b>		1,311,485	631,160
<b>Total Assets</b>		2,520,705	1,687,574
<b>Current Liabilities</b>			
Trade and other payables	8	1,248,077	1,170,728
Borrowings	9	88,033	88,033
Short-term provisions	11	82,772	71,611
<b>Total Current Liabilities</b>		1,418,882	1,330,372
<b>Non-Current Liabilities</b>			
Long-term provisions	11	29,946	24,207
<b>Total Non-Current Liabilities</b>		29,946	24,207
<b>Total Liabilities</b>		1,448,828	1,354,579
<b>Net Assets</b>		1,071,877	332,995
<b>Equity</b>			
Issued capital	10	3,609,420	3,609,420
Reserves	12	325,714	325,714
Accumulated losses		(2,863,257)	(3,602,139)
<b>Total Equity</b>		1,071,877	332,995

The accompanying notes form part of and should be read in conjunction with this financial statement.

## NOTES TO THE STATEMENT OF FINANCIAL POSITION

		Consolidated	
		2019	2018
		\$	\$
<b>5. Cash and Cash Equivalents</b>			
Cash at bank and in hand		7,740	10,052
		<u>7,740</u>	<u>10,052</u>
<b>6. Financial Assets</b>			
<i>Current</i>			
Loans receivable (b)		957,351	702,086
Investments in listed entities (c)		243,015	335,072
		<u>1,200,366</u>	<u>1,037,158</u>
<i>Non-current</i>			
Security deposit (a)		20,000	20,000
Shares:			
Investments in unlisted entities (d)		1,285,654	607,834
		<u>1,305,654</u>	<u>627,834</u>
(a) The security deposit is for a performance bond provided by the Company's bank to the Australian Securities and Investments Commission.			
(b) Loans receivable -			
Unsecured loans to other entities		1,292,965	1,718,572
Provisions against unsecured loans		(335,614)	(1,016,486)
Unsecured loans to other entities		<u>957,351</u>	<u>702,086</u>

Loans receivable are non-interest bearing and payable on demand. During the current period the Company reversed both contract termination fees and an associated provision of \$212,052 relating to the termination of a contract with MEC Resources Limited. In addition, the Company reversed a provision of \$128,640 relating to the termination of a contract with Advent Energy Limited and a provision of \$340,180 in respect of Cortical Dynamics Limited ("Cortical").

## NOTES TO THE STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Consolidated	
	2019	2018
	\$	\$
<b>6. Financial Assets (continued)</b>		
(c) Financial assets carried at fair value through profit and loss (unlisted investments)		
<i>Current</i>		
BPH Energy Limited (Level 1)	167,110	83,556
MEC Resources Limited (Level 1)	73,105	248,556
Strategic Elements Limited (Level 1)	2,800	2,960
Total	243,015	335,072
(d) Financial assets carried at fair value through profit and loss (unlisted investments)		
<i>Non-Current</i>		
Molecular Discovery Systems Limited (Level 3)	20,334	20,334
Cortical Dynamics Limited (Level 2) (i)	677,820	-
Advent Energy Limited (Level 2) (ii)	587,500	587,500
Total	1,285,654	607,834

(i) The Group has applied AASB 9 retrospectively with the effect of initially applying this standard recognised at the date of initial application, being 1 July 2018 and has elected not to restate comparative information. Accordingly, the information presented 30 June 2018 has not been restated. The Company acquired a total of 6,778,200 shares in Cortical Dynamics Limited ("Cortical") in 2007 and 2014 that were previously carried at \$Nil value. The effect of applying AASB 9 is to increase financial assets and reduce accumulated losses at 1 July 2018 by \$677,820 in respect of the fair value of shares in this unlisted public company at transition date.

(ii) In MEC Resources Limited's ("MEC") June 2019 Annual Financial Report it was stated that in order to maintain an interest in the exploration tenements, the group is committed to meet the conditions under which the tenements were granted. These are the subject of applications for variation that remains outstanding as at the time of reporting. Capital expenditure forecasted for at the reporting date but not recognised as liabilities within a period greater than one year and less than 5 years were \$18,225,000.

Advent is continually seeking and reviewing potential sources of both equity and debt funding. Advent is now embarking on a fresh marketing campaign to attract new investors and/or joint venture partners. Management has confidence that a suitable outcome will be achieved however there is no certainty at this stage that this will result in further funding being made available. Asset Energy Pty Ltd has invested over \$25 million in the PEP11 title in recent history and, along with its JV partner Bounty Oil and Gas NL, is committed to continuing to explore for and ultimately exploit any petroleum accumulations which may be identified in this title area. If Advent is unable to source further funding for each of PEP11, RL1 and EP 386 each of these permits are at risk.

The above conditions indicate an uncertainty that may affect the ability of Advent to realise the carrying value of the exploration assets in the ordinary course of business and may affect the ability of the Company to realise the carrying value of its investment in Advent in the ordinary course of business.

## NOTES TO THE STATEMENT OF FINANCIAL POSITION (CONTINUED)

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>7. Property Plant and Equipment</b>		
At cost	126,038	121,304
Accumulated depreciation	(120,207)	(117,978)
Total property, plant and equipment	5,831	3,326
Carrying amount at the beginning of the year	3,326	-
Additions	4,734	3,913
Depreciation expense	(2,229)	(587)
Carrying amount at the end of the year	5,831	3,326
<b>8. Trade and Other Payables - Current</b>		
Trade payables	40,196	100,141
Sundry payables and accrued expenses	1,207,881	1,070,587
	1,248,077	1,170,728
<b>9. Borrowings - Current</b>		
Related party borrowings	88,033	88,033
	88,033	88,033
<p>The interest free loan has been provided by a director, Mr David Breeze. The loan is unsecured with a repayment date of 14 December 2018. The parties have agreed that the loan will be settled by the transfer of 4,873,681 shares in MEC Resources Limited to Mr Breeze.</p>		
<b>10. Issued Capital</b>		
30,633,364 (2018: 30,633,364) fully paid ordinary shares	3,609,420	3,609,420
<p>The company does not have an authorized share capital and the shares issued have no par value.</p>		
<i>Ordinary Shares:</i>	<b>2019</b>	<b>2018</b>
	<b>Number</b>	<b>Number</b>
At the beginning of reporting period	30,633,364	30,633,364
At the end of reporting period	30,633,364	30,633,364

## NOTES TO THE STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Consolidated	
	2019	2018
	\$	\$
<b>11. Provisions</b>		
Current	82,772	71,611
Non-Current	29,946	24,207
	<u>112,718</u>	<u>95,818</u>
<i>Employee entitlements</i>		
Opening balance at 1 July	98,482	89,718
Increase in provision	13,876	8,764
Balance at 30 June	<u>112,718</u>	<u>98,482</u>
Current	82,772	74,275
Non-Current	29,946	24,207
	<u>112,718</u>	<u>98,482</u>
<i>Income tax:</i>		
Current		
Opening balance at 1 July	(2,664)	6,399
Received / (paid)	2,664	(10,420)
Increase in provision	-	1,357
Balance at 30 June	<u>-</u>	<u>(2,664)</u>
<b>12. Reserves</b>		
(a) <i>Option Reserve</i>		
Opening balance	325,714	323,566
Share based payment	-	2,148
Closing balance	<u>325,714</u>	<u>325,714</u>

The option reserve records items recognized as expenses in respect of share options.

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## STATEMENT OF CASH FLOWS

		Consolidated	
	Note	2019 \$	2018 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		329,034	377,006
Payments to suppliers and employees		(453,824)	(511,497)
Income tax paid		(2,560)	(10,420)
Interest paid		(228)	(993)
<b>Net cash (used in) operating activities</b>	13	(127,578)	(145,904)
<b>Cash flows from investing activities</b>			
Payment for property, plant and equipment		(4,734)	(3,913)
Payment for listed investments	13(b)	-	(87,726)
Repayment of loan by related entity		130,000	103,000
<b>Net cash from investing activities</b>		125,266	11,361
<b>Cash flows from financing activities</b>			
Loan from related entity		-	87,726
<b>Net cash from investing activities</b>		-	87,726
Net (decrease) in cash and cash equivalents		(2,312)	(46,817)
Cash and cash equivalents at the beginning of the financial year		10,052	56,869
<b>Cash and cash equivalents at the end of the financial year</b>		7,740	10,052

The accompanying notes form part of and should be read in conjunction with this financial statement.

## NOTES TO THE STATEMENT OF CASH FLOWS

### 13. Cash Flow Reconciliation

	Consolidated	
	2019	2018
	\$	\$
<hr/>		
(a) Reconciliation of cash flow from operations with profit from ordinary activities after income tax:		
Operating profit / (loss) after income tax	61,062	(734,263)
<i>Non-cash items:</i>		
Depreciation	2,229	587
Fair value loss	-	293,750
Investment written off	-	1,652
Share based payments	-	2,148
Contract termination fees reversed	212,052	-
Doubtful debt provision reversed	(680,872)	-
Unrealised losses on revaluation of investments	175,612	217,307
<i>Changes in net assets and liabilities:</i>		
Decrease in trade and other receivables	-	15,602
Decrease in other assets	10,754	9,086
Increase / (decrease) in provisions	14,237	(299)
Increase in trade payables and accruals	77,348	48,526
Net cash (used in) operating activities	(127,578)	(145,904)
<hr/>		
(b) Changes in financial liabilities arising from financing activities:		
Balance at 1 July	88,033	-
Net cash flow from financing activities	-	87,726
Interest	-	307
Balance at 30 June	88,033	88,033
<hr/>		

## STATEMENT OF CHANGES IN EQUITY

	Note	Ordinary Share Capital \$	Accumulated losses \$	Option Reserve \$	Total \$
<b>Balance at 30 June 2017</b>		3,609,420	(2,867,876)	323,566	1,065,110
Net (loss) for the year		-	(734,263)	-	(734,263)
Other comprehensive income net of income tax		-	-	-	-
Total comprehensive income for the year		-	(734,263)	-	(734,263)
Share based expense		-	-	2,148	2,148
<b>Balance at 30 June 2018</b>		3,609,420	(3,602,139)	325,714	332,995
Adjustment on initial application of AASB 9	6(d)	-	677,820	-	677,820
		3,609,420	(2,924,329)	325,714	1,010,815
Net profit for the year		-	61,062	-	61,062
Other comprehensive income net of income tax		-	-	-	-
Total comprehensive income for the year		-	61,062	-	61,062
Share based expense		-	-	-	-
<b>Balance at 30 June 2019</b>		3,609,420	(2,863,257)	325,714	1,071,877



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## Compliance Statement

1. This report has been prepared under accounting policies, which comply with accounting standards as defined in the Corporations Act or other standards acceptable to the ASX.
2. This report, and the accounts upon which the report is based (if separate), use the same accounting policies.
3. This report does give a true and fair view of the matters disclosed.
4. This report is based on accounts to which one of the following applies.

☐

The accounts have been audited

☒

The accounts are in the process of being audited or subject to review.

☐

The accounts have been subject to review.

☐

The accounts have not yet been audited.



Sign here: .....

Director

Date: 31 August 2019

Print name: David Breeze