Aglive Group Limited and Its Controlled Entities

ABN 59 164 497 778

Financial Statements - 30 June 2020

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Aglive Group Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2020.

Directors

The following persons were directors of Aglive Group Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Gregory William Bryant (Chair)
John Paul Ryan
John Wilson (Appointed 30 October 2019, resigned 13 February 2020)
Valerio Enrico Zanotto (Not re-elected at AGM on 19 November 2019)
Anthony Bertini (Appointed 20 December 2019)
Nicholas Rowe (Appointed 5 November 2019)
Mark Toohey (Appointed 20 December 2019)

The directors of Aglive Group Limited did not receive a director fee during the financial year.

Information on directors

Greg Bryant
Chairman, Non-Executive Director
Joined the board in 2010 as a foundation shareholder.
Fellow CPA and member of Australian Institute of Company Directors with over 40 years of professional experience in accountancy, property and business. He has extensive interests in several successful businesses including his own private and syndicated property development and investment companies.
Currently chairman of several investment syndicates including the privately owned Dimmick Group (52 entities), and past chairman of Landlink Group and Fletcher Jones.
Greg has a keen interest in the development of ‘new age technology’ businesses in the Geelong region and is presently chairing a composite building material start up.

Valerio Zanotto
Non-Executive Director
Joined the board on 28 February 2019.
Val was part of the original founding group and brought a wealth of knowledge and business acumen to the organisation as well as his experience as a local government councillor and farm owner. His broad business experience, coupled with practical farming knowledge provided Aglive unparalleled expertise. Drawing on his experience that includes managing large teams of people, financial & operational management across a number of industries, Val contributed at board level to focus on growth opportunities, customer retention and personal development.

Paul Ryan
Managing Director
Joined the board in 2010 as a foundation shareholder, commenced as CEO in 2011 and was appointed Managing Director in 2019.
B Com (Deakin University), GAIDC. Extensive business experience in senior management of agri-business, retail, manufacturing and automotive services. Past chairman of Hertz International Licensee Council (11 years) and director of Lifeline Geelong (4 years). Has been involved with successful start-up businesses and has experience and skill in business management and systems design.

John Wilson
Non-Executive Director
Joined the board on 30 October 2019. Has been a member of the Finance & Remuneration Committee since 2015. He is a Fellow CPA, Fellow AICD, B. Business, and an experienced company CEO including with Melbourne Yarra Trams and Sydney Airport Link. He also is an experienced director in both Private and Government organisations, largely within the public transport sector which have included the Transport Ticketing Authority (responsible for the introduction of the Myki system to Victorian Public Transport) and at V/Line where John was the Deputy Chair and Chair of the Audit & Risk Committee. He has significant experience in high value and complex transport tendering processes, working with the tenderer and on other occasions as a member of the tender evaluation processes for the client. He has also had key roles in contract performance compliance reviews for the client.

Mark Toohey
Executive Director
Joined the board in December 2019 following the TBSx3 Merger.
Mark has extensive start-up experience, and in late 2012, he recognised the potential of digital currency and Blockchain technology. The firm he founded helped organise and lead blockchain conferences at Harvard, MIT, Stanford, Oxford, and Cambridge universities.
In 2015 he organised the most significant blockchain event ever held in Australia in conjunction with the Commonwealth Bank: the five-day Sydney Blockchain Workshop. Over 40 industry leaders from around the world attended the Workshop and speakers included: Vitalik Buterin (founder of Ethereum); Joi Ito (director of MIT Media Lab); and Lawrence Lessig (Harvard law professor and former US Presidential Candidate)
Currently a lecturer in a masters course on Digital Currency Regulation with the University of Nicosia (since 2015) enjoying a strong international reputation for pioneering the field of cryptocurrency studies.
Mark was one of the first lawyers in the world to lecture on the technology and its commercial application. He has spoken at conferences nationally and internationally.
Holds a Bachelor of Business Degree (Banking and Finance), a Law degree (honours), a Graduate Diploma in Finance Law, and a Graduate Certificate in Legal Education.

Anthony Bertini
Director
Joined the board in December 2019 following the TBSx3 Merger
Former TBSx3 Chairman experienced Board member, having held senior positions within Australian and international publishing groups, global technology companies and in 1996 started his own internet business.
Current chairman of Thumper One, the founder of ARCA Group Investments, a Non-Executive Director of the Australian Copyright Agency, founder of 350.org Australia and The Climate Hub, a co-founder and chairman of Organic Technology Holdings and Chairman of Australian Omega Oils
Previously worked for the British Government as a Deal Maker, was a Director of The Sydney Biennale.

Nicholas Rowe
Director
Joined the board on 5 November 2019.
Has over 30 years of investment banking experience and can assist with corporate growth strategies and options.
Was a founding partner and a managing director of the Sydney branch of an international investment advisory firm. He advises clients on corporate structuring, capital raising, takeovers, and business acquisitions.
Over his career he has been the Head of Investment Banking with RBS (and prior with ABN AMRO) and later the Country Head for CIMB Australia. Prior to that he worked with Credit Suisse First Boston and SBC Dominguez Barry. He began his banking career at Samuel Montagu in London.
Has advised media, brewing, financial services and banking companies, and stock exchanges on a wide range of assignments including many cross border transactions. Holds a law degree and is also a chartered accountant and a farm owner.

Meetings of directors
The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2020, and the number of meetings attended by each director were:

	Finance Committee		Full Board	
	Attended	Eligible to Attend	Attended	Eligible to Attend
Gregory William Bryant (Chair)	6	6	16	16
John Paul Ryan	6	6	16	16
Valerio Enrico Zanotto	-	-	4	7
John Graham Wilson	6	6	6	6
Anthony Bertini	-	-	8	8
Nicholas Rowe	-	-	9	10
Mark Toohey	-	-	8	8

Company secretary
The following person held the position of company secretary at the end of the financial year:

Ian Craig Pamensky

Principal activities
The principal activities of the company and the Group are to provide digital supply-chain traceability and integrated GPS tracking and mobility solutions to businesses. The Group's main asset is the development of a blockchain enabled complete end-to-end supply chain platform.

No significant change in the nature of these activities has occurred during the year.

Review of operations
The consolidated earnings before impairment, interest, tax, depreciation and amortisation of the Group for the financial year ended 30 June 2020 amounted to a loss of $1,145,675 (30 June 2019: loss of $1,808,097).

The consolidated after-tax loss of the Group for the financial year ended 30 June 2020 after impairment costs amounted to $1,910,466 (30 June 2019: loss of $6,553,454).

The successful completion of the merger with TBSx3 Pty Ltd and the sale of the non-core Austracker business has enabled the company to focus on its key supply chain market opportunity with a leading first to market novel product.

Subsequent to the end of the financial year, AusIndustry has approved the company's 2020 R&D application resulting in the receipt of the R&D tax incentive grant of $518,868 in September 2020.

A review of the operations of the Group during the financial year and the results of those operations found that R&D grants and income from the medical cannabis CRC traceability project had a positive impact on revenue despite some disruption to our beef industry projects due to COVID. Further investment in the development and testing of the combined Aglive One blockchain platform has ensured the merged business will be in a commercial ready state by the first half on FY 2021.

Significant changes in the state of affairs
On 31 December 2019 Aglive Group Limited acquired 100% of the ordinary shares of TBSx3 Pty Ltd for the total consideration of transferred shares in Aglive Group Limited. At this time the directors valued the shares issued at nil consideration. This is a business that Aglive Group Limited has been working with in developing its farm to processor and logistics GPS tracking platforms which will be supported by TBSx3's processor to end consumer brand platform.

There were no other significant changes in the state of affairs of the Group during the financial year.

Matters subsequent to the end of the financial year
The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

The Victorian Government announced stage 3 restrictions on 7 July 2020 for Metropolitan Melbourne and Mitchell Shire, the extension of the JobKeeper program was announced by the Federal Government on 21 July 2020 and stage 4 restrictions were announced for Metropolitan Melbourne on 2 August 2020. As at the date of this report, stage 3 and 4 restrictions remain in place in Metropolitan and Regional Melbourne.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the company's state of affairs in future financial years.

Likely developments and expected results of operations
Information on likely developments in the operations of the Group and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the Group.

Dividends
There were no dividends paid, recommended or declared during the current or previous financial year.

Environmental regulation
The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Shares under option
There are 1,000,000 unissued shares in the company under option at the date of this report exercisable at 40 cents per share and expiry on 20 September 2023.

No shares were issued during or since the end of the year as a result of the exercise of an option over unissued shares or interests.

Indemnity and insurance of officers
The company has paid premiums to insure directors under a Directors and Officers Insurance policy. The details of the indemnity insurance are as follows:

- The company has entered into an insurance policy to indemnify each director, to an amount of $3,000,000 against any liability arising from a claim brought against the company and the directors by a third party for the supply of substandard services or advice. The agreement provides for the insurer to pay all damages and costs which may be brought against the directors.
- The company has paid premiums to insure each of the directors against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct while acting in the capacity as a director of the company, other than conduct involving a wilful breach of duty in relation to the company. The premiums for all the directors amounted to $2,670 for the year.

Further disclosure of information relating to this policy is not permitted under the contract of insurance.

Indemnity and insurance of auditor
The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

Proceedings on behalf of the company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

The company was not a party to any such proceedings during the year.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Gregory William Bryant
Director

30 October 2020

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DECLARATION OF INDEPENDENCE BY JAMES MOONEY TO THE DIRECTORS OF AGLIVE GROUP LIMITED

As lead auditor of Aglive Group Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Aglive Group Limited and the entities it controlled during the period.

James Mooney
Director

BDO Audit Pty Ltd

Melbourne, 30 October 2020

General information

The financial statements cover Aglive Group Limited as a Group consisting of Aglive Group Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Aglive Group Limited's functional and presentation currency.

Aglive Group Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

48-50 North Valley Road
Highton VIC 3216

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 30 October 2020. The directors have the power to amend and reissue the financial statements.

Aglive Group Limited and Its Controlled Entities
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2020

	Note	Consolidated 2020 $	Consolidated 2019 $
Revenue from continuing operations	3	956,631	598,726
Expenses			
Cost of sales	4	(132,069)	(31,571)
Foreign exchange (losses)/gains		(7,634)	2,487
Occupancy expense		(23,943)	(101,473)
Employee benefits expenses		(809,740)	(1,155,463)
Advertising and promotion expense		(187,751)	(16,813)
Depreciation and amortisation expense	4	(107,866)	(449,387)
Impairment of assets	4	(343,107)	(3,487,706)
Travel expense		(70,989)	(174,367)
Purchased services expense		(433,571)	(471,198)
Other expenses		(420,823)	(355,057)
Finance costs		(298,937)	(246,695)
Total expenses		(2,836,430)	(6,487,243)
Loss before income tax expense from continuing operations		(1,879,799)	(5,888,517)
Income tax expense	5	-	-
Loss after income tax expense from continuing operations		(1,879,799)	(5,888,517)
Loss after income tax expense from discontinued operations	6	(30,667)	(664,937)
Loss after income tax expense for the year attributable to the owners of Aglive Group Limited		(1,910,466)	(6,553,454)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year attributable to the owners of Aglive Group Limited		(1,910,466)	(6,553,454)
Total comprehensive loss for the year is attributable to:			
Continuing operations		(1,879,799)	(5,888,517)
Discontinued operations		(30,667)	(664,937)
		(1,910,466)	(6,553,454)

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

Aglive Group Limited and Its Controlled Entities
Consolidated statement of financial position
As at 30 June 2020

	Note	Consolidated 2020 $	Consolidated 2019 $
Assets			
Current assets			
Cash and cash equivalents	7	2,509,001	25,948
Trade and other receivables	8	133,750	106,237
Inventories	9	-	76,121
Research and development receivables		518,868	751,356
Other assets	10	2,137	-
Total current assets		3,163,756	959,662
Non-current assets			
Trade and other receivables	8	18,780	-
Property, plant and equipment	11	34,855	205,687
Right-of-use assets	12	92,180	-
Intangibles	13	7,500	7,500
Total non-current assets		153,315	213,187
Total assets		3,317,071	1,172,849
Liabilities			
Current liabilities			
Trade and other payables	15	294,094	409,851
Borrowings	16	350,000	329,982
Lease liabilities	17	95,986	-
Provisions	18	157,848	102,312
Total current liabilities		897,928	842,145
Non-current liabilities			
Borrowings	16	2,599,931	2,152,081
Lease liabilities	17	66,155	-
Provisions	18	31,865	19,136
Total non-current liabilities		2,697,951	2,171,217
Total liabilities		3,595,879	3,013,362
Net liabilities		(278,808)	(1,840,513)
Equity			
Issued capital	19	13,175,058	9,668,985
Accumulated losses		(13,453,866)	(11,509,498)
Total deficiency in equity		(278,808)	(1,840,513)

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Consolidated	**Issued capital $**	**Accumulated losses $**	**Total deficiency in equity $**
Balance at 1 July 2018	7,121,187	(4,956,044)	2,165,143
Loss after income tax expense for the year	-	(6,553,454)	(6,553,454)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive loss for the year	-	(6,553,454)	(6,553,454)
Transactions with owners in their capacity as owners:			
Contributions of equity, net of transaction costs (note 19)	2,547,798	-	2,547,798
Balance at 30 June 2019	9,668,985	(11,509,498)	(1,840,513)

Consolidated	**Issued capital $**	**Accumulated losses $**	**Total deficiency in equity $**
Balance at 1 July 2019	9,668,985	(11,509,498)	(1,840,513)
Adjustment for change in accounting policy (note 1)	-	(33,902)	(33,902)
Balance at 1 July 2019 - restated	9,668,985	(11,543,400)	(1,874,415)
Loss after income tax expense for the year	-	(1,910,466)	(1,910,466)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive loss for the year	-	(1,910,466)	(1,910,466)
Transactions with owners in their capacity as owners:			
Contributions of equity, net of transaction costs (note 19)	3,506,073	-	3,506,073
Balance at 30 June 2020	13,175,058	(13,453,866)	(278,808)

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Aglive Group Limited and Its Controlled Entities
Consolidated statement of cash flows
For the year ended 30 June 2020

	Note	Consolidated 2020 $	Consolidated 2019 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		626,418	452,519
Research and development grant tax offset received		751,356	722,755
Payments to suppliers and employees (inclusive of GST)		(2,368,222)	(2,813,384)
		(990,448)	(1,638,110)
Interest received		2,712	2,454
Interest and other finance costs paid		(311,381)	(264,215)
Net cash used in operating activities	20	(1,299,117)	(1,899,871)
Cash flows from investing activities			
Net cash acquired on acquisition of subsidiary	26	49,292	-
Payments for property, plant and equipment		(11,129)	(2,229)
Payments for intangibles		-	(518,274)
Proceeds from disposal of Austracker division discontinued operation	6	10,000	-
Proceeds from disposal of property, plant and equipment		-	500
Research and development grant tax offset received		-	263,277
Net cash from/(used in) investing activities		48,163	(256,726)
Cash flows from financing activities			
Proceeds from issue of shares		3,156,073	2,547,798
Proceeds from research and development grant factoring		350,000	-
Proceeds from sublease		29,189	-
Proceeds from borrowings		738,193	2,152,081
Repayment of convertible notes		(250,000)	(1,850,000)
Repayment of borrowings		(118,343)	(804,935)
Repayment of lease liabilities		(91,123)	-
Repayment of hire purchase liabilities		(79,982)	(84,614)
Net cash from financing activities		3,734,007	1,960,330
Net increase/(decrease) in cash and cash equivalents		2,483,053	(196,267)
Cash and cash equivalents at the beginning of the financial year		25,948	222,215
Cash and cash equivalents at the end of the financial year	7	2,509,001	25,948

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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

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

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

AASB 16 Leases
The Group has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Impact of adoption
AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. The impact of adoption on opening retained profits as at 1 July 2019 was as follows:

	1 July 2019 $
Operating lease commitments as at 1 July 2019 (AASB 117)	250,203
Adjustment due to different treatment and extension options	17,275
Operating lease commitments discount based on the weighted average incremental borrowing rate of 4% (AASB 16)	(14,214)
Accumulated depreciation as at 1 July 2019 (AASB 16)	(33,902)
Right-of-use assets (AASB 16)	219,362
Lease liabilities - current (AASB 16)	(91,123)
Lease liabilities - non-current (AASB 16)	(162,141)
Tax effect on the above adjustments	-
Reduction in opening retained profits as at 1 July 2019	(33,902)

When adopting AASB 16 from 1 July 2019, the consolidated entity has applied the following practical expedients:
- accounting for leases with a remaining lease term of 12 months as at 1 July 2019 as short-term leases;
- excluding any initial direct costs from the measurement of right-of-use assets;
- using hindsight in determining the lease term when the contract contains options to extend or terminate the lease; and
- not apply AASB 16 to contracts that were not previously identified as containing a lease.

Going concern
The consolidated entity incurred an operating loss of $1,910,466 (which included book loss on impairment of $343,107) and had cash outflows from operating activities of $1,299,117 for the year ended 30 June 2020. The ability of the consolidated entity to continue as a going concern is dependent on a number of factors, one being the continuation and availability of funds. A key factor is the loan from the Director Gregory William Bryant through Harrison Space Pty Ltd as trustee for the Marknet Unit Trust, as at 30 June 2020 there was an outstanding loan balance of $2,487,293 which the Group is dependent on to continue its operations.

Note 1. Significant accounting policies (continued)

These conditions indicate a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern.

The directors believe that the consolidated entity will continue as a going concern and that it is therefore appropriate to adopt the going concern basis of accounting for the following reasons:

- As at 30 June 2020, the consolidated entity had cash and cash equivalent of $2,509,001.
- As at 30 June 2020 the consolidated entity has an anticipated R&D tax incentive receivable of $518,868. This is consistent with previous years' cash inflows from the government grant.
- The TBSx3 merger completed in December 2019 enhances the cash runway to achieving commercial revenue and equity capital goals. Furthermore, there are commercial trials in progress for the 'merged end-to-end traceability platform' and customer contracts now in place which will accelerate commercial revenues.

Based on the above, directors believe the consolidated entity will continue as a going concern and that it is appropriate to adopt that basis of accounting in the preparation of the financial report.

Should the consolidated entity be unable to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements.

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities.

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded off to the nearest dollar unless stated otherwise.

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 25.

Principles of consolidation
The consolidated financial statements incorporate all of the assets, liabilities and results of the parent Aglive Group Ltd and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in note 14.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Note 1. Significant accounting policies (continued)

Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Loans and receivables
Trade receivables, loans and other receivables are recorded at amortised cost, using the effective interest method, less impairment.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Impairment of financial assets
The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Note 1. Significant accounting policies (continued)

Impairment of non-financial assets
Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

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

Intangible assets with indefinite useful lives (and intangible assets not yet available for use) are tested annually for impairment (i.e. as to whether their carrying value exceeds their recoverable amount, and so require write-downs) and whenever there is an indication that the asset may be impaired. All other assets are assessed annually for indications of impairment, except for financial instrument assets, investment property that is measured at fair value and non-current assets held for sale.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

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

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2020. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 2. Critical accounting judgements, estimates and assumptions

Coronavirus (COVID-19) pandemic
Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Lease term
The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

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

Employee benefits provision
As discussed in note 18, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Fair value of equity instruments issued
In determining the fair value of the consideration paid for the shares issued to acquire TBSx3 Pty Ltd and the fair value of the options paid as consideration for the extended and rearranged terms for the companies of related party borrowings the directors have determined that the nil value ascribed to the value of the company in the RSM report is the most appropriate value to adopt.

Note 3. Revenue

	Consolidated	
	2020	2019
	$	$
From continuing operations		
Revenue from contracts with customers		
Sales - service	121,662	-
Subscriptions	39,795	-
Installation	1,675	-
	163,132	-
Other revenue		
Sub lease rental income	40,907	66,085
Export market development grant	76,172	-
Government grants and subsidies (COVID-19)	134,965	-
Interest income	2,712	2,454
Research and development tax offset income	518,927	525,947
Sundry income	971	4,240
Gain on sub lease	18,845	-
	793,499	598,726
Revenue from continuing operations	956,631	598,726

Accounting policy for revenue recognition
The Group recognises revenue as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: 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.

Note 3. Revenue (continued)

Sale of goods
Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Rendering of services
Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Government grants
Government grants relating to assets such as capitalised software expenditure are recognised in the statement of financial position by deducting the grant in arriving at the carrying amount of the asset. Government grants relating to expenses are recognised in the profit and loss as other income.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Note 4. Expenses

	Consolidated	
	2020	**2019**
	$	**$**
Loss before income tax from continuing operations includes the following specific expenses:		
Cost of sales		
Cost of sales	132,069	31,571
Depreciation and amortisation		
Plant and equipment	49,235	25,942
Software	-	423,445
Office space - right-of-use	58,631	-
Total depreciation and amortisation	107,866	449,387
Impairment		
Goodwill	217,116	-
Property, plant and equipment	125,991	-
Software	-	3,487,706
Total impairment	343,107	3,487,706
Leases		
Operating lease expenses	-	93,359
Superannuation expense		
Defined contribution superannuation expense	67,219	96,626
Net loss on disposal		
Net loss on disposal of property, plant and equipment	4,880	5,411

Note 5. Income tax expense

	Consolidated 2020 $	Consolidated 2019 $
Income tax expense		
Current tax	-	-
Deferred tax	-	-
Aggregate income tax expense	-	-
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense from continuing operations	(1,879,799)	(5,888,517)
Loss before income tax expense from discontinued operations	(30,667)	(664,937)
	(1,910,466)	(6,553,454)
Tax at the statutory tax rate of 27.5%	(525,378)	(1,802,200)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
other non-allowable items	15,181	3,682
net R&D adjustment	154,719	683,127
tax effect of temporary differences and tax losses not recognised	429,889	1,115,391
other non-assessable income	(21,440)	-
other deductible items	(52,971)	-
Income tax expense	-	-

The company has unbooked tax losses of $7,781,856 (2019: $5,228,073). The directors do not consider it appropriate to recognise these assets due to the stage of development of the company's business and have yet to finalise assessment of the availability of losses following the group restructure.

Accounting policy for income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. At this stage of the company's evolution it is not considered that the probable of recovery test for recognition of tax losses has been satisfied.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Note 5. Income tax expense (continued)

Aglive Group Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Note 6. Discontinued operations

Description
On 1 May 2020 the consolidated entity sold its Austracker division for consideration of $30,000 resulting in a gain on disposal before income tax of $10,661. The business was not a core part of the future plans of the directors of the Group.

Financial performance information

	Consolidated	
	2020	**2019**
	$	**$**
Sales - service	8,131	20,917
Sales - hardware	28,961	65,504
Subscriptions	103,377	135,254
Installation	1,778	2,119
Sundry income	45,851	-
Total revenue	188,098	223,794
Impairment of goodwill	-	(500,669)
Cost of sales	(82,495)	(133,233)
Occupancy expense	(3,763)	(5,645)
Employee benefits expense	(93,655)	(159,856)
Advertising and promotion expense	(2,450)	(3,420)
Depreciation and amortisation expense	(1,265)	(45,833)
Travel expense	(989)	(1,045)
Impairment of assets	(3,884)	-
Other expenses	(28,481)	(21,510)
Finance costs	(12,444)	(17,520)
Total expenses	(229,426)	(888,731)
Loss before income tax expense	(41,328)	(664,937)
Income tax expense	-	-
Loss after income tax expense	(41,328)	(664,937)
Gain on disposal before income tax	10,661	-
Income tax expense	-	-
Gain on disposal after income tax expense	10,661	-
Loss after income tax expense from discontinued operations	(30,667)	(664,937)

Note 6. Discontinued operations (continued)

Cash flow information

	Consolidated	
	2020	2019
	$	$
Net cash used in operating activities	(41,328)	(164,268)
Net cash from investing activities	10,000	-
Net cash from financing activities	-	-
Net decrease in cash and cash equivalents from discontinued operations	(31,328)	(164,268)

Carrying amounts of assets and liabilities disposed

	Consolidated	
	2020	2019
	$	$
Current assets	27,401	-
Non-current assets	7,789	-
Total assets	35,190	-
Current liabilities	15,851	-
Total liabilities	15,851	-
Net assets	19,339	-

Details of the disposal

	Consolidated	
	2020	2019
	$	$
Total sale consideration (a)	30,000	-
Carrying amount of net assets disposed	(19,339)	-
Gain on disposal before income tax	10,661	-
Gain on disposal after income tax	10,661	-

(a) $10,000 of the consideration was recovered on settlement with the remaining $20,000 recoverable in 2 instalments post balance date.

Accounting policy for discontinued operations
A discontinued operation is a component of the Group that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

Note 7. Cash and cash equivalents

	Consolidated	
	2020 $	2019 $
Current assets		
Cash at bank	2,509,001	25,948

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

Note 8. Trade and other receivables

	Consolidated	
	2020 $	2019 $
Current assets		
Trade receivables	23,508	64,062
Sundry lease receivable	39,427	-
Other receivables	70,815	42,175
	133,750	106,237
Non-current assets		
Sundry lease receivable	18,780	-
	152,530	106,237

Accounting policy for trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Note 9. Inventories

	Consolidated	
	2020 $	2019 $
Current assets		
Inventories	-	76,121

Accounting policy for inventories
Inventories are stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

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

Note 10. Other assets

	Consolidated 2020 $	Consolidated 2019 $
Current assets		
Prepayments	2,137	-

Note 11. Property, plant and equipment

	Consolidated 2020 $	Consolidated 2019 $
Non-current assets		
Leasehold improvements - at cost	-	242,577
Less: Accumulated depreciation	-	(90,590)
	-	151,987
Equipment and fixtures - at cost	110,546	154,234
Less: Accumulated depreciation	(75,691)	(106,048)
	34,855	48,186
Motor vehicles - at cost	-	14,488
Less: Accumulated depreciation	-	(8,974)
	-	5,514
	34,855	205,687

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

Consolidated	Motor Vehicles $	Equipment & Fixtures $	Leasehold Improvement $	Total $
Balance at 1 July 2018	8,483	83,131	189,530	281,144
Additions	-	2,229	-	2,229
Disposals	-	(5,911)	-	(5,911)
Depreciation expense	(2,969)	(31,263)	(37,543)	(71,775)
Balance at 30 June 2019	5,514	48,186	151,987	205,687
Additions	-	11,129	-	11,129
Additions through business combinations (note 26)	-	5,934	-	5,934
Disposals	(3,906)	(8,763)	-	(12,669)
Impairment of assets	-	(3,907)	(122,084)	(125,991)
Depreciation expense	(1,608)	(17,724)	(29,903)	(49,235)
Balance at 30 June 2020	-	34,855	-	34,855

Accounting policy for property, plant and equipment
Plant and equipment are brought to account at cost or at independent or directors' valuation less, where applicable, any accumulated depreciation or amortisation. 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 which 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.

Note 11. Property, plant and equipment (continued)

Depreciation is calculated on a diminishing value basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Equipment & Fixtures	25% - 60% Diminishing Value
Leasehold improvements	35% Diminishing Value
Motor Vehicles	14% - 25% Diminishing Value

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Note 12. Right-of-use assets

	Consolidated	
	2020 $	2019 $
Non-current assets		
Office space - right-of-use	150,811	-
Less: Accumulated depreciation	(58,631)	-
	92,180	-

Accounting policy for right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Note 13. Intangibles

	Consolidated	
	2020 $	2019 $
Non-current assets		
Formation expenses	7,500	7,500

Note 13. Intangibles (continued)

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

Consolidated	Computer Software $	Internally Developed Software $	Formation Expenses $	Goodwill Acquisition of Subsidiaries $	Total $
Balance at 1 July 2018	88,392	3,529,893	7,500	500,669	4,126,454
Additions	-	518,275	-	-	518,275
Research and development tax offset	-	(225,409)	-	-	(225,409)
Impairment of assets	(2,064,947)	(1,422,759)	-	(500,669)	(3,988,375)
Transfers in/(out)	2,400,000	(2,400,000)	-	-	-
Amortisation expense	(423,445)	-	-	-	(423,445)
Balance at 30 June 2019	-	-	7,500	-	7,500
Additions through business combinations (note 26)	-	-	-	217,116	217,116
Impairment of assets	-	-	-	(217,116)	(217,116)
Balance at 30 June 2020	-	-	7,500	-	7,500

Accounting policy for intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill
Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Acquired intangible assets
Acquired computer software are capitalised on the basis of the costs incurred to acquire and install the specific software.

Internally developed software
Expenditure on the research phase of projects to develop Aglive software for IT and telecommunication systems is recognised as an expense as incurred.

Note 14. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest 2020 %	2019 %
Austracker GPS Pty Ltd	Australia	100.00%	100.00%
Aglive Pty Ltd	Australia	100.00%	100.00%
Aglive International Pty Ltd	Australia	100.00%	100.00%
AgliveUK Limited	United Kingdom	100.00%	100.00%
TBSx3 Pty Ltd	Australia	100.00%	-
TBSx3 Malaysia SDN. BHD.	Malaysia	100.00%	-

TBSx3 Pty Ltd and TBSx3 Malaysia SDN. BHD. were acquired on 31 December 2019 (note 26).

Note 15. Trade and other payables

	Consolidated 2020 $	2019 $
Current liabilities		
Trade payables	185,424	216,887
Deferred income	-	19,701
Sundry payables and accrued expenses	108,670	173,263
	294,094	409,851

Accounting policy for trade and other payables
These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 16. Borrowings

	Consolidated 2020 $	2019 $
Current liabilities		
Loan - R&D grant factoring	350,000	-
Convertible notes	-	250,000
Hire purchase liability (a)	-	79,982
	350,000	329,982
Non-current liabilities		
Long-term loans - secured (b)	2,487,293	1,987,310
Long-term loans - unsecured	112,638	164,771
	2,599,931	2,152,081
	2,949,931	2,482,063

Note 16. Borrowings (continued)

(a) The hire purchase liabilities were secured against the assets acquired.

(b) These loans are secured by a general security agreement which provides the borrower with security over all assets of the company and its controlled entities.

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

Note 17. Lease liabilities

	Consolidated	
	2020 $	2019 $
Current liabilities		
Lease liability	95,986	-
Non-current liabilities		
Lease liability	66,155	-
	162,141	-

Accounting policy for lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Note 18. Provisions

	Consolidated	
	2020 $	2019 $
Current liabilities		
Employee benefits	157,848	102,312
Non-current liabilities		
Employee benefits	31,865	19,136
	189,713	121,448

Note 18. Provisions (continued)

Accounting policy for provisions
Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Accounting policy for employee benefits
Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows. Upon the re-measurement of obligations due to change in assumptions for other long-term employee benefits, the net change in the obligation is recognised in profit or loss as a part of employee benefits expense in the periods in which the changes occur.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

Note 19. Issued capital

	Consolidated			
	2020 Shares	**2019 Shares**	**2020 $**	**2019 $**
Ordinary shares - fully paid	116,319,380	48,655,435	13,175,058	9,668,985

Movements in ordinary share capital

Details	**Date**	**Shares**	**Issue price**	**$**
Balance	1 July 2018	41,235,501		7,121,187
Shares issued		7,419,934	$0.34	2,547,798
Balance	30 June 2019	48,655,435		9,668,985
Shares issued 2020, cash received 2019		28,241	$0.00	-
Shares issued at 47 cents per share		834,608	$0.47	392,267
Shares issued at 17 cents per share		16,257,684	$0.17	2,763,806
Shares issued to acquire TBSx3 Pty Ltd		49,514,000	$0.00	-
Shares issued to repay borrowings		1,029,412	$0.34	350,000
Balance	30 June 2020	116,319,380		13,175,058

Note 19. Issued capital (continued)

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Accounting policy for issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Note 20. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2020	2019
	$	$
Loss after income tax expense for the year	(1,910,466)	(6,553,454)
Adjustments for:		
Depreciation and amortisation	107,866	495,220
Impairment of property, plant and equipment	125,991	-
Impairment of intangibles	217,116	3,988,375
Net loss on disposal of property, plant and equipment	4,880	5,411
Gain on disposal of discontinued operation	(10,661)	-
Gain on sublease	(18,845)	-
Change in operating assets and liabilities:		
Decrease in inventories	48,720	17,400
Decrease in research and development receivable	232,488	212,146
Decrease in trade and other receivables	35,884	108,865
Decrease in trade and other payables	(123,486)	(204,641)
Increase in prepayments	(2,137)	-
(Decrease)/increase in employee benefits	(6,467)	30,807
Net cash used in operating activities	(1,299,117)	(1,899,871)

Non-cash financing and investment activities

Property, plant and equipment
During the financial year, the consolidated group acquired plant and equipment with an aggregate fair value of $nil (2019: nil) by means of hire purchase agreements. These acquisitions are not reflected in the statement of cash flows.

Note 21. Fair value measurement

Accounting policy for fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Note 22. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	Consolidated	
	2020	**2019**
	$	**$**
Aggregate compensation	178,510	264,996

Note 23. Related party transactions

The Group's related parties include its associates and key management and others as described below. Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash or issue of shares at market price.

Key management personnel
Disclosures relating to key management personnel are set out in note 22.

Transactions with associates
The Group has part of its company secretarial and corporate services carried out by a professional service provider Desmond Investments Pty Ltd a company controlled by director G W Bryant.

Comport Pty Ltd, a company associated with director John Paul Ryan incurred operating expenses on behalf of the Group during the year through a director's loan and the use of corporate credit card facility and was reimbursed for these expenses.

Director Mark Toohey loaned funds to the company during the year.

Ex-director Valerio Zanotto (Amtas Australia Pty Ltd) provided business development and management services.

Ex-director John Wilson (WD and Associates Pty Ltd) provided independent finance committee representation and corporate governance services.

Director Greg Bryant provided ongoing directors loan support via Marknet Unit Trust loan facility with interest payable via share issue.

The details of these transactions and the balances unpaid as at 30 June 2020 are outlined in the table below.

Note 23. Related party transactions (continued)

	Transactions $	Balance at 30 June 2020 $
Amtas Australia Pty Ltd (associated with Val Zanotto)	155,782	-
Comport Pty Ltd (associated with Director John Paul Ryan)	35,573	-
Desmond Investments Pty Ltd (owned by Director G W Bryant)	6,750	-
Etheridge Cleaning and Maintenance Services (owned by Director G W Bryant)	1,177	-
Marknet Unit Trust (owned by director G W Bryant)	240,132	-
Mark Toohey (director)	499	-
Valerio Zanotto (ex-director)	6,466	-
WD & Associates Pty Ltd (associated with John Wilson)	14,000	4,400

Director loans
During the year, loans were advanced to the Group by Directors. A summary of the loaned amounts that exist at year end are summarised below.

	Consolidated	
	2020 $	**2019 $**
Valerio Enrico Zanotto	-	30,297
John Paul Ryan	106,429	134,474
Harrison Space Pty Ltd as trustee for the Marknet Unit Trust (Gregory William Bryant)	2,487,293	1,987,310
Mark James Toohey	6,210	-
	2,599,932	2,152,081

Note 24. Contingent assets and contingent liabilities

There are no known contingent assets or contingent liabilities as at 30 June 2020 and 30 June 2019 for the Group.

Note 25. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2020 $	**2019 $**
Loss after income tax	(1,588,607)	(445,607)
Total comprehensive loss	(1,588,607)	(445,607)

Note 25. Parent entity information (continued)

Statement of financial position

	Parent 2020 $	Parent 2019 $
Total current assets	2,745,248	821,543
Total assets	2,745,248	821,543
Total current liabilities	420,710	414,466
Total liabilities	420,710	414,466
Equity		
Issued capital	13,175,058	9,668,985
Accumulated losses	(10,850,520)	(9,261,908)
Total equity	2,324,538	407,077

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2020 and 30 June 2019.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2020 and 30 June 2019.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2020 and 30 June 2019.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 1, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 26. Business combinations

On 31 December 2019 Aglive Group Limited acquired 100% of the ordinary shares of TBSx3 Pty Ltd for the total consideration of transferred shares in Aglive Group Limited. At this time the directors valued the shares issued at nil consideration. This is a business that Aglive Group Limited has been working with in developing its farm to processor and logistics GPS tracking platforms which will be supported by TBSx3's processor to end consumer brand platform. The goodwill of $217,116 represents the net deficiency of TBSx3 at the date of acquisition. The directors have impaired this goodwill upon acquisition.

Details of the acquisition are as follows:

	Fair value **$**
Cash and cash equivalents	49,292
Other receivables	3,970
Plant and equipment	5,934
Other payables	(23,580)
Employee benefits	(74,732)
Other loans	(178,000)
Net liabilities acquired	(217,116)
Goodwill	217,116
Acquisition-date fair value of the total consideration transferred	-
Cash used to acquire business, net of cash acquired:	
Net cash received	49,292

Accounting policy for business combinations
Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exceptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

Note 27. Events after the reporting period

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

The Victorian Government announced stage 3 restrictions on 7 July 2020 for Metropolitan Melbourne and Mitchell Shire, the extension of the JobKeeper program was announced by the Federal Government on 21 July 2020 and stage 4 restrictions were announced for Metropolitan Melbourne on 2 August 2020. As at the date of this report, stage 3 and 4 restrictions remain in place in Metropolitan and Regional Melbourne.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the company's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards - Reduced Disclosure Requirements, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Gregory William Bryant
Director

30 October 2020

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INDEPENDENT AUDITOR'S REPORT

To the members of Aglive Group Limited

Report on the Audit of the Financial Report

Opinion

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

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

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

(ii) Complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Basis for opinion

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

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the directors report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

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

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

Responsibilities of the directors for the Financial Report

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

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

Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf

This description forms part of our auditor's report.

BDO Audit Pty Ltd

James Mooney
Director

Melbourne, 30 October 2020