

VIZSTONE PTY LIMITED
ABN 24 140 156 592

FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

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VIZSTONE PTY LIMITED
ABN 24 140 156 592

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 \$	2018 \$
Sales revenue	2	4,911,041	3,873,912
Cost of sales	4	<u>(3,207,310)</u>	<u>(2,315,635)</u>
Gross profit		1,703,731	1,558,277
Other income	3	2,999	9,665
Other expenses from ordinary activities	5	<u>(1,815,050)</u>	<u>(2,054,337)</u>
Profit/(Loss) before tax		(108,320)	(486,395)
Income tax (expense)/benefit		<u>-</u>	<u>-</u>
Net profit/(loss) for the year		<u>(108,320)</u>	<u>(486,395)</u>

The accompanying notes form an integral part of the financial statements.

VIZSTONE PTY LIMITED
ABN 24 140 156 592

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Note	2019 \$	2018 \$
CURRENT ASSETS			
Cash and cash equivalents	6	44,813	63,287
Receivables and other current assets	7	637,490	366,737
		<u>682,303</u>	<u>430,024</u>
NON-CURRENT ASSETS			
Property, plant & equipment	9	-	12,117
Intangibles	10	-	95
Other non-current assets	8	10,200	10,200
		<u>10,200</u>	<u>22,412</u>
TOTAL ASSETS		<u>692,503</u>	<u>452,436</u>
CURRENT LIABILITIES			
Payables	11	1,065,575	765,066
Provisions	12	157,814	160,220
Borrowings	13	59,159	39,521
		<u>1,282,548</u>	<u>964,807</u>
NON-CURRENT LIABILITIES			
Borrowings	13	227,838	197,192
		<u>227,838</u>	<u>197,192</u>
TOTAL LIABILITIES		<u>1,510,386</u>	<u>1,161,999</u>
NET LIABILITIES		<u>(817,883)</u>	<u>(709,563)</u>
EQUITY			
Share capital		11,850	11,850
Retained profits		(829,733)	(721,413)
TOTAL EQUITY		<u>(817,883)</u>	<u>(709,563)</u>

The accompanying notes form an integral part of the financial statements.

VIZSTONE PTY LIMITED
ABN 24 140 156 592

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

	Share Capital \$	Retained Profits \$	Total \$
At 1 July 2017	11,850	(235,018)	(223,168)
Net Loss for the year	-	(486,395)	(486,395)
At 30 June 2018	<u>11,850</u>	<u>(721,413)</u>	<u>(709,563)</u>
At 1 July 2018	11,850	(721,413)	(709,563)
Net loss for the year	-	(108,320)	(108,320)
At 30 June 2019	<u>11,850</u>	<u>(829,733)</u>	<u>(817,883)</u>

The accompanying notes form an integral part of the financial statements.

VIZSTONE PTY LIMITED
ABN 24 140 156 592

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 \$	2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		4,636,091	4,591,327
Cash payments to suppliers and employees		(4,643,503)	(4,618,487)
Interest received		2,999	3,568
Interest paid		(64,345)	(47,980)
Income tax received/(paid)		-	-
Net cash provided by/(used in) operating activities	14	(68,758)	(71,572)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		-	(95)
Proceeds from sale of assets		-	22,305
Net cash provided by investing activities		-	22,210
CASH FLOW FROM FINANCING ACTIVITIES			
Net drawdowns of borrowings		50,284	49,613
Net cash provided by financing activities		50,284	49,613
Net increase/(decrease) in cash and cash equivalents		(18,474)	251
Cash and cash equivalents at beginning of financial year		63,287	63,036
Cash and cash equivalents at end of financial year	6	44,813	63,287

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Vizstone Pty Ltd (the Company) is not a reporting entity because in the opinion of the directors there are unlikely to be any external users of the financial report who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. The financial report of the Company has been drawn up as a special purpose financial report for distribution to the members and the directors.

The special purpose financial report has been prepared in accordance with the recognition and measurement aspects of all applicable Australian Accounting Standards ("AASBs") adopted by the Australian Accounting Standards Board ("AASB"). It does not include the disclosure requirements of all AASBs except for the following:

AASB 101: *Presentation of Financial Statements*

AASB 107: *Statement of Cash Flows*

AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors*

AASB 1048: *Interpretation and Application Standards*

The financial statements have been prepared on a historical cost basis. Cost is based on the fair values of the consideration given in exchange for assets.

These financial statements are presented in Australian dollars, which is the Company's functional currency.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, unless otherwise stated.

Going Concern

For the year ended 30 June 2019, the Company recorded a loss of \$108,320 (2018: \$486,395) and an operating cash out flows of \$68,758 (2018: \$71,572). At 30 June 2019, the Company had a working capital deficit of \$600,245 (2018: \$534,783) and a net liability position of \$817,883 (2018: \$709,563).

These conditions indicate a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern, however notwithstanding this the accounts have been prepared on a going concern basis.

Subsequent to the financial year end, Vizstone Pty Ltd entered into an agreement with ActivePort Group Limited for ActivePort Group Limited to acquire all of the ordinary share capital of the Company by way of a share swap arrangement and to inject working capital into the Company. The acquisition is subject to ActivePort Group Limited being admitted to the official list of the Australian Securities Exchange Limited, which is expected to occur in August 2021. Should this acquisition not eventuate then the Company may not be considered a going concern.

Should the Company be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at the amounts stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(a) Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- financial assets at amortised cost
- financial assets at fair value through profit or loss (FVPL)
- debt instruments at fair value through other comprehensive income (FVOCI)
- equity instruments at fair value through other comprehensive income (FVOCI)

Classifications are determined by both:

- The entity's business model for managing the financial asset
- The contractual cash flow characteristics of the financial assets

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

Classification and measurement of financial liabilities

The Company's financial liabilities include borrowings and trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income

(b) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Dividends

Dividends are recognised as a liability in the year in which they are declared.

(c) Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net as part of revenue in profit or loss.

Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day to day servicing of property, plant and equipment are recognised in profit or loss as incurred.

The estimated useful lives for the current and comparative years are as follows:

Plant and equipment	2 - 4 years
Furniture, fixtures and fittings	2 -10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(d) Impairment

Financial assets

AASB 9's new impairment model use more forward looking information to recognize expected credit losses - the 'expected credit losses (ECL) model'. The application of the new impairment model depends on whether there has been a significant increase in credit risk.

The Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').
- 'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

12-month expected credit losses are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables

The Company makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance at the amount equal to the 12 months expected credit losses. In using this practical expedient, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

All financial assets, except for those at fair value through profit or loss (FVPL) and equity investments at fair value through other comprehensive income (equity FVOCI), are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(d) Impairment (continued)

Non-financial assets

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

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

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

(e) Foreign currency

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the foreign exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(f) Employee Benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as a personnel expense in profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Short-term benefits

Liabilities for employee benefits for wages, salaries and annual leave represent present obligations resulting from employees' services provided to reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Company expects to pay as at reporting date including related on costs, such as superannuation, workers compensation insurance and payroll tax. Non accumulating non monetary benefits, such as medical care, housing, cars and free or subsidised goods and services, are expensed based on the net marginal cost to the Company as the benefits are taken by the employees.

A liability is recognised for the amount expected to be paid under short term cash bonus or profit sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Long service leave provision

Provision is made for the Company's liability for employee long service leave benefits, for all employees of the Company based on the probability that the employee will stay until they are legally entitled to the benefit.

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

The liability is carried as a current liability if the staff is entitled to the long service leave in the next financial year. Otherwise it is carried as a non-current liability.

(g) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(h) Revenue recognition

Services

Revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the entity expects to receive in exchange for those goods or services.

Sale of goods

Revenue is recognized as sales revenue at the point in time when control of the product is transferred from the Company to the customer; this is generally the case on delivery.

(i) Finance income and expenses

Finance income comprises interest income on funds invested, dividend income and gains on the disposal of financial assets that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration, losses on disposal of financial assets and impairment losses recognised on financial assets (other than trade receivables).

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

(j) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(k) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(l) New standards and interpretations adopted for the first time

Since 1 July 2018, the Company has adopted all Accounting Standards and Interpretations mandatory to annual periods beginning on or before 1 July 2018. Adoption of these standards and interpretations did not have a material effect on the financial position or performance of the Company.

The Company applies, for the first time AASB 15 and AASB 9

AASB 15 Revenue from Contracts with Customers

Interpretations and applies to all revenue arising from contracts with customers. AASB 15 requires revenue to be recognised when control of a good or service transfers to a customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. No material impact on the transition was noted.

AASB 9 Financial Instruments

AASB 9 replaces parts of AASB 139 Financial Instruments: Recognition and Measurement (AASB 139) and brings together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting. The Company has applied AASB 9 retrospectively with the initial application date being 1 July 2018. In accordance with the transitional provisions in AASB 9, comparative information has not been restated.

The effects of adopting AASB 9 are as follows:

Impairment

The adoption of AASB 9 has changed the Company's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the Company to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss. As at 1 July 2018, the Company reviewed and assessed the existing financial assets for impairment, no material adjustments were required on adoption of the ECL approach.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(I) New standards and interpretations adopted for the first time (continued)

New Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted for the year ended 30 June 2019. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Company, apart

AASB 16 Leases

AASB 16 provides a new lessee accounting model which requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligations to make lease payments. The depreciation of the right-of-use asset and interest on the lease liability will be recognised in the consolidated income statement.

Transition to AASB 16

The Company plans to adopt the modified retrospective approach on transition with the initial date of application being 1 July 2019. The lease liability will be measured at the present value of future lease payments, discounted using the incremental borrowing rate for the Company at the date of transition. Using this approach, the right-of-use asset will be set to equal the lease liability. Prior period comparative financial statements are not required to be restated

2. REVENUE

	2019	2018
	\$	\$
Sale of goods	2,080,621	1,583,886
Rendering of services	2,830,420	2,290,026
	<u>4,911,041</u>	<u>3,873,912</u>

3. OTHER INCOME

	2019	2018
	\$	\$
Interest income	2,999	3,568
Gain on sale of assets	-	6,097
	<u>2,999</u>	<u>9,665</u>

4. COST OF SALES

	2019	2018
	\$	\$
Cost of Hardware	1,845,873	1,219,477
Cost of Software	58,155	131,888
Cost of Internet Services	1,298,491	958,757
Other expenses	4,791	5,513
	<u>3,207,310</u>	<u>2,315,635</u>

VIZSTONE PTY LIMITED
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

5. OVERHEAD EXPENDITURE	2019	2018
	\$	\$
Salaries and wages	1,167,456	1,402,646
Office rental and utilities	76,345	78,725
Administrative expenses	205,733	207,038
Interest expense	64,344	47,980
Depreciation	12,213	19,959
Advertising & Marketing	288,959	297,989
	<u>1,815,050</u>	<u>2,054,337</u>
6. CASH AND CASH EQUIVALENTS	2019	2018
	\$	\$
Cash at bank	44,813	63,287
	<u>44,813</u>	<u>63,287</u>
7. RECEIVABLES AND OTHER CURRENT ASSETS	2019	2018
	\$	\$
Trade receivables	629,120	354,170
Less: Provision for expected credit loss	-	-
	<u>629,120</u>	<u>354,170</u>
PAYG receivable	6,494	10,778
Prepaid expenses	1,876	1,789
	<u>8,370</u>	<u>12,567</u>
	<u>637,490</u>	<u>366,737</u>
8. OTHER NON-CURRENT ASSETS	2019	2018
	\$	\$
Rental bonds	10,200	10,200
	<u>10,200</u>	<u>10,200</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

9. PROPERTY, PLANT AND EQUIPMENT

	2019	2018
	\$	\$
<i>Net Carrying Amount</i>		
Office equipment	-	4,586
Furniture and fixtures	-	2,953
Testing equipment	-	4,578
At 30 June	<u>-</u>	<u>12,117</u>

Movement in carrying amounts of plant and equipment

	Office equipment \$	Fixtures and Fittings \$	Testing equipment \$	Total \$
Balance 1 July 2018	4,586	2,953	4,578	12,117
Additions	-	-	-	-
Depreciation	(4,586)	(2,953)	(4,578)	(12,117)
Balance 30 June 2019	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

10. INTANGIBLE ASSETS

	2019	2018
	\$	\$
Software	-	95
	<u>-</u>	<u>95</u>

11. PAYABLES

	2019	2018
	\$	\$
<i>Current</i>		
Trade payables	812,788	467,533
Accrued expenses	59	-
PAYG payable	159,855	24,369
Payroll deductions payable	46,228	58,756
GST payable	46,645	214,408
	<u>1,065,575</u>	<u>765,066</u>

12. PROVISIONS

	2019	2018
	\$	\$
<i>Current</i>		
Provision for annual leave	90,272	99,810
Provision for long service leave	67,542	60,410
	<u>157,814</u>	<u>160,220</u>

13. BORROWINGS

	2019	2018
	\$	\$
Current liabilities	59,159	39,521
Non-current liabilities	227,838	197,192
	<u>286,997</u>	<u>236,713</u>

VIZSTONE PTY LIMITED
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

14. CASH FLOW INFORMATION

Reconciliation of cash flows from operating activities with profit/(loss) after tax accordingly is as follows:

	2019	2018
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) after tax	(108,320)	(486,395)
Adjustments for non-cash items:		
Depreciation on	12,213	19,959
Operating profit before working capital changes	(96,107)	(466,436)
(Increase)/Decrease in receivables	(274,951)	711,318
(Increase)/Decrease in other assets	4,197	9,800
Increase/(Decrease) in payables	300,509	(486,474)
Increase/(Decrease) in provisions	(2,406)	160,220
Net cash provided by operating activities	<u>(68,758)</u>	<u>(71,572)</u>

15. EVENTS AFTER REPORTING DATE

On 2 February 2020, the Company entered into an agreement with ActivePort Group Limited whereby ActivePort Group Limited can acquire all of the ordinary share capital of the Company by way of a share swap arrangement. The acquisition is subject to ActivePort Group Limited being admitted to the official list of the Australian Securities Exchange Limited, which is expected to occur in late August 2021.

Subsequent to year-end, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Company, COVID-19 may impact various parts of its future operations and financial results. Management believes the Company is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year-end and are still developing.

Accordingly, no events after the reporting date have been identified as post balance date events for the purpose of the disclosure.

16. COMPANY DETAILS

The registered office and principal place of business of the Company is:

Vizstone Pty Ltd
Suite 1125/ Level 11 Brookfield Place
125 St Georges Tce
Perth WA 6000

VIZSTONE PTY LIMITED
ABN 24 140 156 592

DIRECTORS' DECLARATION

As detailed in Note 1 to the financial statements, the Company is not a reporting entity because in the opinion of the Directors there are unlikely to be any external users of the financial report who are unable to command the preparation of the reports tailored so as to satisfy specifically all of their information needs.

Accordingly, this special purpose financial report has been prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The Directors of the Company declare that:

1. the financial statements and accompanying notes, present fairly the Company's financial position as at 30 June 2019 and their performance for the year ended on that date in accordance with Note 1 to the financial statements;
2. in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:



Kathryn Soares
Director

Dated at this: **26** day of **July** 2021

Independent Auditor's Report to the Members of Vizstone Pty Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report, being a special purpose financial report, of Vizstone Pty Ltd (the Company), which comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the financial report presents fairly, in all material respects, the financial position of Vizstone Pty Ltd as at 30 June 2019 and of its financial performance and its cash flows for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements.

Basis for Opinion

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

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

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report is prepared to assist Vizstone Pty Ltd to comply with the financial reporting needs of the members. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the Group incurred a net loss of \$108,320 and incurred net operating cash outflows of \$68,758 during the year ended 30 June 2019 and, as of that date, the Company's total liabilities exceeded its total assets by \$817,883. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of the Directors for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the needs of the members. Management's responsibility also includes such internal control as they determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Nexia Perth Audit Services Pty Ltd



M. Janse Van Nieuwenhuizen
Director

26 July 2021
Perth, Western Australia