CV Check Ltd Annual Report 2019

Table of Contents

Company Directory

AUSTRALIAN COMPANY NUMBER

111 728 842

CV Check Ltd is a Public Company, domiciled in Australia.

DIRECTORS

Non-Executive:

Ivan Gustavino
George Cameron-Dow
Steve Carolan

Executive:
Rod Sherwood

COMPANY SECRETARY

Jenny Cutri

WEBSITE

www.cvcheck.com

REGISTERED OFFICE

The Garden Office Park
Level 2, Building E
355 Scarborough Beach Road
Osborne Park, WA 6017
Telephone: (+ 61) 8 9388 3000

SECURITIES QUOTED

Australian Securities Exchange
- Ordinary Fully Paid Shares (Code: CV1)

SHARE REGISTRY

Automic Pty Ltd
Level 2, 267 St Georges Terrace
Perth, WA, 6000 Australia

AUDITOR

RSM Australia Partners
Level 32, Exchange Tower, 2 The Esplanade
Perth, WA, 6000 Australia

SOLICITOR

Steinepreis Paganin
Level 4, 16 Milligan St
The Read Buildings
Perth, WA, 6000 Australia

Chair's Letter

Dear Shareholders,

On behalf of the CVCheck Board of Directors I am pleased to present the Company's Annual Report for the 2019 financial year ("FY2019").

Business performance

FY2019 was a transformational year for CVCheck with highlights including the achievement of the Company's maiden cash flow positive performance in the second quarter and then continuing to generate cash across the remaining 2 quarters, signalling performance sustainability; a strengthening of the Company's business customer revenue base and further increase in its annualised recurring revenue.

Macro drivers and future direction

The key macro drivers that have underpinned the company's success to date continue to play out through the world economy:

- The shift to a service economy continues apace, both here in the Australasian region and around the globe;
- As much as ever, companies need to know with accuracy, the capability sets of their own people and those seeking to join them;
- The push for confidence in compliance frameworks, increasingly coming as much from boards and other leaders concerned with risk management as it does from governments and regulators.

Through addressing these drivers and providing a valuable solution to the resultant pain points, CVCheck has been able in FY2019 to secure business customer wins with large enterprise, key peak bodies such as the Public Fundraising Regulatory Association and SME customer growth across the board.

CVCheck's strategy for FY2020 is to focus on continuing organic growth from higher repeat business customers and to strongly consider strategic opportunities for transformational growth. During July 2019, the CEO and I undertook a road-show to communicate CVCheck's strategic plan, with the three pillars of this plan being:

Build the existing business through positioning resources to grow profitable revenues organically across Australia and New Zealand.

Partner through initiatives such as our white label project that targets leveraging our existing technology investment to enjoy better returns. White label phase one successfully launched to large enterprise customers with Visy Industries a foundation customer. White label phase two is now in its pre-commercialisation phase across Australia and New Zealand with a number of pilot builds in progress. Finally, white label phase three looks to internationalisation beyond our current Australia and New Zealand base and, though early discussions are receiving an encouraging reception, it is too early to indicate likely commercial outcomes.

Buy through potential bolt-on acquisitions to take advantage of CVCheck's people, technology and business knowledge and scale more rapidly; initial scoping and strategy planning has commenced.

Capital Raising

In November 2018 the Company successfully completed a $1.45M placement (before costs) to institutional, sophisticated and professional investors. CVCheck welcomed new significant investors to its register. Two directors, myself and Rod Sherwood, supported this capital raise and subscribed for $100,000 under the placement. Funds from the placement were used to accelerate business development, research and development (including refining CVCheck's IT platform and UX experience) and for working capital.

In August 2019 subsequent to the end of the financial year, the Company completed a second successful capital raising of $3.1m (before costs) to institutional, sophisticated and professional investors. Funds for the placement are being used for working capital purposes and accelerating on meeting the Company's strategic objectives.

Board & Leadership Team

Throughout the year we have refined our Board composition. I would like to thank Chris Brown (former Chair and Non-Executive Director) and Reina Nicholls (Non-Executive Director) for their contributions to CVCheck.

The current Board members have diverse and complementary skills, and have made significant contributions to the sustainability, long term growth and governance of our Company. The Non-Executive Directors are also members of various Committees and contribute an enormous amount of time to ensure the Company's effectiveness and governance.

To align the Company's leadership team with the Company's performance, we have implemented an employee incentive scheme which requires appropriate company and individual performance metrics to be achieved before securities vest. Equity incentivisation for the CEO and Non-Executive Directors and alignment with the Company's objectives will be presented for approval by shareholders, and details will be provided in the Notice of Annual General meeting.

Our Valued shareholders

Importantly, on behalf of the Board, I would like to express our gratitude to the valued shareholders of CVCheck.

Ivan Gustavino

Non-Executive Chair

Chief Executive Officer's Report

Highlights

- Cashflow positive for the final three quarters.
- Group revenue $12.4 million, business customer revenue 70% across the year.
- Improved revenue quality, annual recurring revenue ("ARR") grown to $9.2 million.
- Business customer revenue grew 21% across the year, gross margin expanded three points to 54%.
- An increase to business development resources with the objective to accelerate business customer revenue growth from FY2020.
- Continued investment into our technology has improved customer experience and scale up potential.

Commentary

During FY2019, CVCheck's ongoing strategic focus on its business customer segment saw the company deliver on building a more sustainable business for our shareholders.

Consistent with that strategy, early in the year, advertising targeting individual consumer customers was cut aggressively, coupled with a shift toward generating more organic traffic. Sales, marketing and account maintenance then further improved our business customer engagement model with refinement according to client type: large enterprise, corporate or SME. The result has been expanded average revenue per business customer account with widened gross margins and improved customer satisfaction. Business customer revenues grew 21% year on year and annual recurring revenue booked across the year grew to $9.2 million.

These initiatives saw CVCheck move to a cash positive position across each of the final three quarters of the year while also significantly lifting growth potential through adding resources to our business customer focussed sales, marketing and account management teams.

Mitigating hiring risk and meeting compliance needs remains a top priority for our large enterprise, corporate and SME customers. The introduction of the EU's General Data Protection Regulation ("GDPR") in May of 2018 brought the designed in privacy and security measures of CVCheck's platform to the fore. The company remains well-positioned to support its clients and meet their needs in this new privacy aware environment.

Australia

In Australia, CVCheck's sales and promotion strategy built on the strong foundation laid in previous years through a shift of emphasis toward attracting higher quality repeat order flow from business customers.

Improved business customer revenues contributed strongly to growth in annual recurring revenue. The individual consumer customer segment remains an important part of our business and is also of higher quality following the repositioning toward organic traffic; 24% of individual consumer revenues came from returning individual customers this year.

During the second half, CVCheck increased resources for its Melbourne-based sales hub; with the team tripled by the end of June. Marketing resources were redirected as the year progressed toward attracting more business customers through greater use of targeted conferences and advertising spend.

New Zealand

The New Zealand business remains a strong growth driver of CVCheck. Excellent financial performance has been achieved through leveraging the technology platform and sustained strong growth in corporate revenues, including many key government contracts. The Auckland based team are core to CVCheck's operations and customer service offering, contributing insights that have been embedded into solutions provided through new technology feature releases. To accommodate the expanding business this unit relocated to larger premises in December 2018 with additional sales personnel added in June 2019.

New Platform Features

Integrations with online HR technology platforms continue to drive new business customer opportunities within both the Australian and New Zealand markets. CVCheck's platform is now connected with PageUp, SnapHire (including its talent app store), JobAdder, SAP SuccessFactors, WorkDay, Springboard, PeopleScout and SmartRecruiters.

CVCheck also successfully launched the first of its proposed white-label solutions during Q4 FY2019, a feature which will only be available to our large enterprise clients. Other phases of this initiative are in commercial development.

Channel partnerships, customer retention and technology enhancements continued to be a primary focus area to support the business.

Feature enhancements and new products improved customer value, experience, accuracy and efficiency. A successful trial of the automated reference check demonstrated strong demand for such a product amongst our client base and provided the development team with valuable insights that enabled the launch of this new innovative product.

Ongoing IT efforts, including many that are not visible to the market, are directed to enhance the ability to further scale the business.

Financial Performance

Revenue booked across the year was $12.4m, 70% coming from business customers through both new customer wins and expanding average revenue per business customer account.

Importantly, $9.2 million in ARR was booked in FY2019 illustrating a marked improvement in the overall quality of CVCheck revenues.

The average gross margin rose three points to 54% as a result of both increased multi-check sales and price increases.

Chief Executive Officer's Report continued

CVCheck produced three consecutive quarters of positive cashflow on an operating and investing basis, confirmation of the marked shift in sustainability of the business. At 30 June 2019, cash on hand was $3.1 million and this position was strengthened further by a capital raising of $3.1m (before costs) to institutional, sophisticated and professional investors during August 2019.

Outlook FY2020

The successes of the past year are allowing the company to invest in increased business development resources in both Australia and New Zealand, with the objective to organically grow additional revenue and leverage the benefits of our technology in those markets.

CVCheck enters FY2020 with considerable momentum both at a corporate and operational level, the concept is proven, the business model clear and the company is growing sustainably. The robust tender pipeline, increasing average revenue per account ("ARPA") and integrated account management offering are expected to drive continued ARR growth throughout FY2020.

With a strong balance sheet position, CVCheck is executing the three pillars of its strategy outlined in the Chair's letter and we look forward to updating shareholders on our continued progress.

Rod Sherwood

Chief Executive Officer

Directors' Report

The Directors present their financial report of the consolidated entity ("the Group"), being CV Check Ltd ("the Company" or "CVCheck") and its controlled entities, for the year ended 30 June 2019 and the auditor's report.

Directors

The following persons were Directors of the Company for the entire financial year and up to the date of this report, unless otherwise stated.

Ivan Gustavino

Non-Executive Chair

Appointed to the Board

13 August 2018

Qualifications

Bachelor of Business

Experience

Ivan has over 25 years' experience developing global technology businesses, including vast experience in leading, advising and investing in high growth technology businesses.

Ivan is one of Australia's leading corporate advisors specialising in advising technology companies on growth, mergers and acquisitions. Ivan is the Managing Director of Atrico Pty Ltd and Director of Asia Tech Pty Ltd and Gustavino Capital Pty Ltd. Ivan is a related party to Gusfam Pty Ltd ATF Gusfam Trust (family trust and Ivan's spouse is sole director).

Interest in shares and options

Indirect: 919,565 ordinary shares and 10,000,000 options over ordinary shares[1].

Directorships held in other public entities

Non-Executive Director of Imdex Limited.

Other public company directorships held during the past 3 years

Nil

[1] Options unlisted and due to expire 13 August 2021.

Rod Sherwood

Director, Chief Executive Officer

Appointed to the Board

1 July 2014

Qualifications

Bachelor of Business, Fellow of the Association of Corporate Treasurers

Experience

On 2 November 2016, Rod was appointed Group Chief Executive Officer.

Rod has led and managed the corporate relations and finance areas for the Company since October 2011. Over that time, there has been a number of successful funding rounds, including the Company's Initial Public Offering and admission to the Australian Securities Exchange's Official List in September 2015 and various placements in 2016, 2018 and 2019.

Rod's career began in Australia with National Australia Bank in the early 1980s before moving to Europe where he was formative in the development of Elsevier Finance SA in Switzerland, which became Reed Elsevier's principal corporate treasury centre globally with over $11 billion of assets. During 2009, Rod returned to Australia to establish his consultancy business, Hamelin34 Corporate Treasury Services.

Rod is also a Director of CVCheck (NZ) Ltd.

Interest in shares and options

Direct: 8,501,392 ordinary shares and 1,500,000 options over ordinary shares[2]

Indirect: 5,907,378 ordinary shares

Directorships held in other public entities

Nil

Other public company directorships held during the past 3 years

Nil

[2] This was the number of unlisted Options held as at 30 June 2019. 750,000 unlisted Options have now vested and 750,000 have now lapsed. The unlisted Options are due to expire on 12 December 2021

Directors' Report continued

Steve Carolan

Non-Executive Director

Appointed to the Board

9 November 2004

Qualifications

No formal qualifications, extensive business experience

Experience

Steve founded CVCheck in 2004 and was Managing Director until 2016.

Steve has demonstrated experience in building successful businesses, commercialisation management, development of strategic partnerships, project and business management, and technology development.

Steve was one of two directors of Access Home Loans, which was a pioneer in the Australian mortgage broking industry, with offices nationwide and in New Zealand. BRW Magazine ranked the business as the 42nd fastest growing private company in 1999 and 31st in 2000.

Steve is also a Director of CVCheck (NZ) Ltd.

Interest in shares and options

Direct: no ordinary shares.

Indirect: 47,284,043 ordinary shares.

Directorships held in other public entities

Nil

Other public company directorships held during the past 3 years

Nil

Reina Nicholls

Non-Executive Director

Appointed to the Board

17 November 2015 – 28 November 2018

Qualifications

Grad. Dip, Business Administration, Bachelor of Commerce (Hons), Economics, Graduate of the Australian Institute of Company Directors

Experience

Reina has worked in senior management positions across a number of highly regarded investment banks and executive search firms including Credit Suisse First Boston, Hamilton James and Bruce, and Russell Reynolds Associates.

Reina has long been an advisor to a number of Australian public companies on Board and management composition, performance analysis, diversity, talent management, and other HR and people management functions.

Reina is a beneficiary of Viminal Pty Ltd ATF Hallam Nichols Superannuation Fund.

Interest in shares and options

Direct: Nil

Indirect: 75,000 ordinary shares

Directorships held in other public entities

Nil

Other public company directorships held during the past 3 years

Nil

Directors' Report continued

George Cameron-Dow

Non-Executive Director

Appointed to the Board

16 February 2017

Qualifications

Master of Management (cum laude), Stanford Executive Program, Fellow of the Australian Institute of Management, Graduate Fellow of the Australian Institute of Company Directors

Experience

George has extensive experience as an Executive and Non-executive Director in both private and public companies spanning a range of industries including the pharmaceutical, biosciences and health care sectors. In addition to his experience with large corporations, he has served as Chair of a number of ASX listed companies, retirement funds and a private health insurance fund. He is a founding director of investment fund manager Fleming Funds Management Pty Ltd (previously St George Capital Pty Ltd) and investment advisory firm Fleming SG Capital Pty Ltd.

George is a director for Omni Innovation Pty Ltd and controller and beneficiary of Dhow Nominees Pty Ltd ATF Dhow Trust.

Interest in shares and options

Direct: 200,000 ordinary shares

Indirect: Nil

Directorships held in other public entities

Non-Executive Director and Chair of Eve Investments Limited.

Other public company directorships held during the past 3 years

Bioxyne Limited (July 2014 - November 2016).

Windward Resources Limited (May 2012 - November 2016).

Chris Brown

Non-Executive Chair (previous)

Appointed to the Board

22 June 2015 – 13 August 2018

Qualifications

Bachelor of Laws degree from University of Adelaide and Member of the Australian Institute of Company Directors

Experience

Chris Brown is currently:

- Non-Executive Director of Preshafood Pty Ltd, a private (formerly public unlisted) fruit and vegetable juice company and its subsidiary Urban Remedy Pty Ltd. He also served as its Chair from December 2010 until July 2014 and from October 2017 to date;
- Non-Executive Director and Chair of Glow Holdings Pty Ltd, a private company which provides research and feedback on products and services.

Chris Brown was previously a Non-Executive Director of Nexvet Biopharma plc, (listed on NASDAQ), having previously served as its Independent Chair.

Chris is a Director of Elsing Pty Ltd and spouse of the sole shareholder.

Interest in shares and options

Direct: 75,000 ordinary shares

Indirect: 426,136 ordinary shares

Directorships held in other public entities

Nil

Other public company directorships held during the past 3 years

Nil

Directors' Report continued

Jenny Cutri

Company Secretary

Appointed Company Secretary

March 2016.

Qualifications and Experience

Jenny is an experienced compliance specialist and lawyer with over 20 years' experience in both the private and public sectors. Jenny also serves as In-House Legal Counsel.

Jenny's qualifications include a Grad Diploma in Executive MBA (Mt Eliza Business School), Bachelor of Commerce (Accounting major), Bachelor of Laws and Bachelor of Jurisprudence (UWA).

Jenny is also a non-executive director and Chair of K2Fly Ltd (an ASX listed entity)[1].

[1]Jenny was appointed on 15 September 2017 as a non-executive director and Chair from 1 July 2018.

Directors' Report continued

Meetings of Directors

The number of Director's meetings (including meetings of committees of directors) and the number of meetings attended by each of the Directors of the Company during the financial year are:

	Board Meetings		Audit & Risk Committee		Remuneration Committee	
	Held / Eligible to attend	Attended	Held / Eligible to attend	Attended	Held / Eligible to attend	Attended
Ivan Gustavino	10	10	-	-	3	3
Chris Brown	1	1	-	-	-	-
Rod Sherwood	11	11	-	-	-	-
George Cameron-Dow	11	11	4	4	3	3
Steve Carolan	11	11	4	4	-	-
Reina Nicholls	5	5	2	2	-	-

Principal Activities

The principal activities of the consolidated entity during the year were the provision of screening and verification services.

The Company's primary market is Australia and New Zealand. Through its online presence, the Company offers a comprehensive range of checks across the globe.

There were no significant changes to the principal activities of the consolidated entity during the reporting period.

Operating and Financial Review

Operating Review

The consolidated entity completed the year FY2019 reporting full year revenue of $12,363,970, 1% lower on the prior year (FY2018: $12,517,024). During the year the Company sharpened its strategic focus toward generating more ARR from its business customers. In parallel, the Company repositioned its individual customer segment toward generating organic traffic at a lower cost of acquisition. Strong business customer revenue growth across Australia and New Zealand largely offset the revenue fall from individual customers in Australia across the year. Business customers accounted for 70% of revenue in FY2019 compared to 57% in FY2018. The NZ business continued its strong record by further increasing revenue, driven by organic growth in the large enterprise, corporate and SME segments.

The strong results affirm the success of CVCheck's repositioning as a preferred provider to business customers.

Sales and marketing

The sharpened strategic focus saw CVCheck grow its booked ARR to $9.2m for FY2019 through a combination of growth, high retention and expanded ARPA.

CVCheck has dedicated teams managing corporate and third-party relationships and enjoys high customer retention rates. The Company's increased focus on business customers resulted in converting more large clients such as Programmed, Optus, Medibank, Alinta Energy and the Public Fundraising Regulatory Association. These client wins arose from business development activities concentrated on the combination of CVCheck's platform and the strong compliance strengths of its people. The successful release of CVCheck's new white label feature enjoyed immediate success with Visy Industries signing up as the Company's foundation large enterprise customer.

The stronger business customer engagement model contributed to improved feature sets and new product releases in the identity and reference check categories, among others.

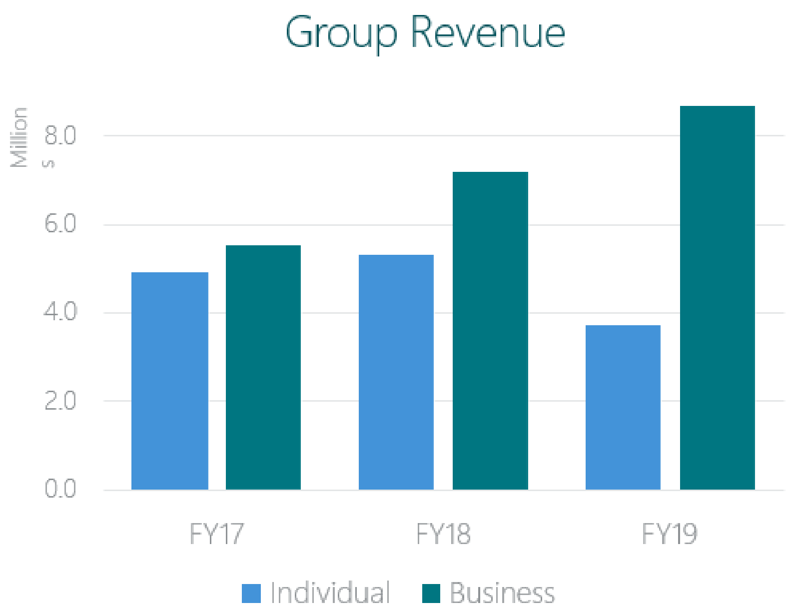
CVCheck's individual consumer business declined somewhat as marketing spend was reduced and focus shifted to winning higher recurring revenue streams; individual customers produced 30% of Group revenues (FY2018: 43%). Lower cost of goods sold and increased revenue from business customer sales more than offset this reduction from individual consumer customers during the year.

Directors' Report continued

Operating Review continued

Sales and marketing continued

The Group's sales performance and business customer revenue growth is illustrated in the chart below.



Product and platform

During the year, CVCheck continued to concentrate on broadening commercial partnerships with various HR technology platform providers. Connectors and integrations are now in place with Snaphire (including its talent app store), Springboard, PageUp, JobAdder, WorkDay, PeopleScout, SAP SuccessFactors and SmartRecruiters. These system integrations provide corporate clients with seamless access to CVCheck's products and services and these commercial relationships continue to provide a tailwind to growth from business customers. CVCheck's systems have achieved increased reliability and scalability, allowing higher throughput and greater stability at a lower cost.

Corporate

In August 2018 the Company welcomed Ivan Gustavino as its new Chairman and non-executive director. Ivan has extensive experience developing global technology businesses and in mergers and acquisitions. Ivan replaced Chris Brown who served the company as Chairman and non-executive director for more than three years.

Reina Nicholls resigned as a non-executive director in November 2018 after three years with the Company. CVCheck acknowledges the significant contribution by Chris and Reina having helped progress the Company to its current position in the screening and verification industry in Australia and New Zealand.

Financial Review

Statement of Profit or Loss and Other Comprehensive Income

The Group reported a Statutory Net Loss after tax for FY2019 of $1,094,550 (FY2018 - $2,541,127) a 57% improvement. Total sales revenue for the year was $12,363,970, 1% lower than FY2018 of $12,517,024. Cost of goods sold was lower at $5,712,362 compared to FY2018 of $6,122,836, an improvement of $410,474. With the improvement in cost of goods sold more than offsetting the lower revenue volume, gross margins have improved by three points to 54% compared to FY2018 of 51%.

Directors' Report continued

Financial Review continued

Statement of Profit or Loss and Other Comprehensive Income continued

The Group continues to prudently manage its overheads as indicated below.

	FY 2019	FY2018	Variance	Variance %
	$	$	$	
Director and Employee benefits expense	4,306,575	4,690,130	383,555	8%
Depreciation and amortisation expense	780,187	801,837	21,650	3%
Finance costs	1,232	13,899	12,667	91%
Marketing expenses	1,100,083	2,075,328	975,245	47%
Share based payment expenses	194,381	-	(194,381)	-
Other expenses	1,629,126	1,557,669	(71,457)	-5%
	8,011,584	9,138,863	1,127,279	12%

FY2019 operating expenses of $8,011,584 reduced by 12% or $1,127,279 as compared to the $9,138,863 of FY2018. Marketing costs were reduced with a shift of approach toward generating organic traffic for the individual customers and focussing on business customer growth. Expenditures were also trimmed for employee benefits, depreciation and amortisation expense and finance costs. The Chair and CEO were granted options during the year resulting in share-based payments in FY2019 of $194,381 (FY2018: Nil). Other expenses were higher mainly due to increased IT hosting expenses and increased occupancy costs.

The Group does not currently recognise any deferred tax asset that might arise from its accumulated tax losses (refer Note 4) but will continue to assess that adopted position.

Statement of Financial Position

The Group finished FY2019 with a stronger balance sheet with net assets improving to $4,863,293 compared to $4,204,857 in FY2018.

At 30 June 2018, the Group's cash position was $3,122,354 an improvement of $726,410 compared to FY2018. Trade receivables were $676,063 (30 June 2018: $643,592).

The Group continued to invest in platform improvements and integrations with other key HR technology platforms. The total investment in website development and technology after amortisation at 30 June 2019 was $1,709,454 compared to $1,635,528 at 30 June 2018.

Statement of Cash Flows

The Group completed the year to 30 June 2019 with a net cash position of $3,122,354 compared to the net cash position of $2,395,944 for FY2018. This is an improvement of 30%, or $726,410. The Group reported its maiden positive cash flow quarter from operating and investing activities in the quarter ended 31 December 2018, and two more cash flow positive quarters followed. This cash flow outcome reflects the repositioning of the Group to focus on improved revenue quality.

The Group received a rebate under the Australian Government's R&D Tax Incentive program in FY2019 of $619,029 (FY2018: $657,014), which is reported in the financial statements as an income tax benefit (in the Statement of Profit or Loss and Other Comprehensive Income) and a recovery of capitalised Intangibles (in the Statement of Financial Position). The Group has lodged an application for a rebate for R&D expenditure undertaken for the year ended 30 June 2019 (the Group does not include this anticipated rebate in trade receivables).

In November 2018 the Company successfully completed a $1.45M placement (before costs).

Dividends

The Directors do not recommend the payment of a dividend. No dividends were paid or declared since the end of the previous financial year.

Directors' Report continued

Significant Changes in State of Affairs

Other than as disclosed elsewhere in this Annual Report there have been no other significant changes in the state of affairs of the consolidated entity during the financial year.

Likely Developments

Information about likely developments in the operations of the consolidated entity and the expected results of those operations in future financial years is provided in the Chair's Letter, Report of the Chief Executive Officer and this Directors' Report.

Material Business Risks

The business strategies, assets and future performance of the consolidated entity are subject to various risks, including the material risks summarised below.

The Group identifies, assesses and manages these risks (as described in the Corporate Governance Statement) and operates under the Board approved Risk Management Review Procedure and Internal Compliance and Control Policy.

The summary below refers to material risks identified from a whole of entity perspective. The list is not exhaustive and not in order of precedence and or importance.

Business Model (Financial, Regulatory, Market)	There is a risk of not being able to respond to market conditions, the rate of technological change, and to customers' expectations of service delivery. Attracting business-to-business customers to online ordering/buying of screening and verification checks is relatively recent for the corporate sector. While the sign-up rates have been positive, corporate sector engagement requires continuing development of customer interfaces through its technology platform. As a developing business still very much in growth mode, access to continued funding remains a risk while the Group works towards achieving profitability.
Reputational Risks	The Group operates in an online and fast-changing environment that is regulated. Negative publicity can spread quickly, whether true or false. Disgruntled users posting negative comments about the Group in public forums may have a disproportionate effect on reputation and ability to generate revenues and profits.
Data Management and Security	There is a risk that the collection, usage and management of customer data is not consistent with the regulatory obligations or that it does not meet the expectations of customers. With growth in volume of orders and traffic to CVCheck's websites, cyber infiltration or attack is a risk. Data security is critical to the Group.
Reliance on Third-Party Contractors	While all care is taken to contract with third parties that have appropriate expertise and experience, there are no guarantees that those third parties will perform as expected or required. The Group also relies on third party government bodies for data provision for some checks. Denial of information access and non-performance by third-party contractors may have a material adverse effect on the Group.
Reliance on Third-Party Infrastructure	Reliance upon telecommunications systems collectively supplied by government and third-party providers is an integral feature of providing services over the internet. As such, the Group places reliance on the proper operation and maintenance of those facilities outside of its direct control in order to deliver its product to market. Non-performance of, or the lack of availability of, third party infrastructure may have a material adverse effect on the Group.
Management of Growth	The Group has experienced a period of substantial, but variable growth. This fluctuating growth rate has placed pressure on resourcing. Building scalability (in infrastructure, systems and processes) and people capability are vital to managing the growth. The Group continues to implement initiatives in a timely manner to manage that growth. Management of the growth is critical to the business.
Project Risks	A significant element of the Group's growth strategy is predicated on continuing to increase the level of automation used in the business. Failure to sustain or a delay in development and implementation may result in lower than expected growth.
Technology and Intellectual Property Risks	Ability to compete may be compromised if the Group's proprietary rights are not adequately protected. There are risks associated with disruption to technology platform and systems, as these could affect the Group's reputation and financial performance.

Directors' Report continued

Environmental Regulation

The consolidated entity's operations are not subject to any significant environmental regulation and legislation. The Group intends to conduct its activities in compliance with all environmental laws and regulations, should these apply to the Group's activities.

Remuneration Report (Audited)

This Remuneration Report outlines the Director and Executive remuneration arrangements of the Company as required by the Corporations Act 2001 and its Regulations. That legislation requires this report to detail the nature and amount of remuneration of each Director of the Company and all other Key Management Personnel ("KMP").

For the purposes of this report, KMP are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any Director (whether Executive or otherwise) of the Company. The term 'Executive' encompasses the Chief Executive Officer and Executive Directors of the Company from time to time.

The Company has determined that during the reporting period, the KMP were the Directors of the Company. There were no other KMP for the financial year.

The Directors of the Company during or since the end of the year were:

Person	Position	Period in position during the year
Directors: Non-executive		
Ivan Gustavino	Chair	Appointed 13 August 2018
Chris Brown	Chair (previous)	Until 13 August 2018
George Cameron-Dow	Director	Full year
Steve Carolan	Director	Full year
Reina Nicholls	Director	Until 28 November 2018
Directors: Executive		
Rod Sherwood	Chief Executive Officer	Full year

Section A: Principles used to determine the nature and amount of Remuneration

Remuneration Policy

The remuneration policy has the aim of attracting, motivating and retaining suitably qualified Directors and executives who will create value for shareholders. The remuneration policy ensures that Non-Executive Directors and executives are appropriately remunerated having regard to their relevant experience, their performance, the performance of the Group, industry norms and standards, the financial position of the Group as a whole and the general pay environment as appropriate.

Remuneration Policy versus Group Performance

The Chief Executive Officer was issued unlisted options in December 2018, which were linked to Company performance metrics.

On 30 January 2019, shareholders of CVCheck approved an incentive option plan ("Plan") for employees and eligible participants. CVCheck's Board is implementing an employee incentive scheme ("Scheme") as part of transforming the business and introducing a performance led culture. The Scheme will issue options under the Plan and reward key persons on outstanding performance that is also linked to the Company's performance. Further, shareholder wealth reflects the speculative and volatile nature of the market sector. No dividends have been declared by the Company.

Remuneration Committee

The Remuneration Committee is a Committee of the Board. The primary purpose of the Committee is to support and advise the Board in fulfilling its responsibilities to shareholders by:

I. reviewing and approving the executive remuneration policy to enable the Company to attract and retain executives and Directors who will create value for shareholders;

II. ensuring that the executive remuneration policy demonstrates a clear relationship between key executive performance and remuneration;

III. recommending to the Board the remuneration of executive Directors;

Directors' Report continued

Remuneration Report (Audited) continued

Remuneration Committee continued

IV. fairly and responsibly rewarding executives having regard to the performance of the Group, the performance of the executive and the prevailing remuneration expectations in the market;

V. reviewing the Company's recruitment, retention and termination policies and procedures for senior management;

VI. reviewing and approving the remuneration of direct reports to the Chief Executive Officer, and as appropriate other senior executives or key persons to the Group; and

VII. reviewing and approving any equity-based plans and other incentive schemes, including overseeing the remuneration policy and for recommending or making such changes to the policy, as it deems appropriate.

Non-Executive Directors

Objective

The remuneration policy ensures that the Non-Executive Chair and Non-Executive Directors are appropriately remunerated having regard to their relevant experience, their performance, the performance of the Group, external market comparatives, and the general pay environment as appropriate.

Structure

Non-Executive Directors are remunerated by way of fixed cash fees plus superannuation. Other than superannuation under the Superannuation Guarantee Contribution Act, there are no retirement benefits payable to Non-Executive Directors.

In FY2019 performance-based compensation options were granted to Ivan Gustavino – valued at $184,219.

Subject to shareholder approval, an issue of equity to Directors may occur if the Board believes it is in the best interest of the Group to do so, particularly where the cash remuneration otherwise required to be paid to attract the appropriate calibre of Directors is reduced, or where there are exceptional circumstances. An issue of equity to Directors may also occur if approved by shareholders at the Annual General Meeting.

The maximum aggregate amount that can be paid to Non-Executive Directors is currently $500,000 per annum inclusive of superannuation which has been determined in accordance with the Company's Constitution (originally set at $250,000 and which in accordance with the terms of the Constitution was varied by shareholder approval at the annual general meeting in 2017). The apportionment of the aggregate remuneration amongst Non-Executive Directors is reviewed periodically.

For the year ended 30 June 2019, the Non-Executive Directors were remunerated an aggregate $406,625 per annum, inclusive of statutory superannuation and share-based payments. Details of the fees paid to Non-Executive Directors for the 2019 and 2018 financial years are set out in Section C of this Remuneration Report.

The Board is responsible for reviewing its own performance. Board and Board Committee performance is monitored on an informal basis throughout the year, with a formal review conducted during the subsequent financial year.

Executive Directors

Objective

The remuneration policy ensures that the Executive Directors are appropriately remunerated to their relevant experience, their performance, the performance of the Group, industry norms and standards and the general pay environment as appropriate.

Structure

The Non-Executive Directors are responsible for evaluating the performance of the Chief Executive Officer who in turn evaluates the performance of the Executive Directors (currently none appointed) and KMP (in their capacity as executives of the Company).

The evaluation process is intended to assess the Group's business performance, and whether long-term strategic and individual performance objectives are achieved.

The performance of the Chief Executive Officer, Executive Directors and KMP are monitored on an informal basis throughout the year. A formal evaluation is performed annually.

The pay and reward framework for Executive Directors, may consist of the following:

(a) Fixed Remuneration - Base Salary and Directors' Fees

(b) Variable Short-Term Incentives

(c) Variable Long-Term Incentives.

Directors' Report continued

Remuneration Report (Audited) continued

Fixed Annual Remuneration and Directors' Fees

Executive Directors' fixed remuneration comprises salary, directors' fees and statutory superannuation. Currently, other than the Chief Executive Officer, there are no other Executive Directors. An annual review, if held, would be conducted by the Chief Executive Officer and in turn, the Board. Any review of the CEO's remuneration is conducted by the Board, taking such advice as it deems appropriate.

Variable Remuneration – Short Term Incentives

Discretionary cash bonuses may be paid to senior executives subject to Board approval following the recommendations of the Chief Executive Officer (based on a review of the performance of the KMP and senior executives and or the Group as a whole).

Variable Remuneration – Long Term Incentives

Employee Incentive Option Plan

KMP and senior executives have previously been provided with longer-term incentives through the Company's Employee Incentive Option Plan ("EIOP"). An EIOP was approved by shareholders at an Extraordinary General Meeting on 23 March 2015 and it expired in 2018. Options were issued under the EIOP, although all the options issued under the EIOP have now lapsed.

A new Employee Incentive Option Plan was approved at an Extraordinary General Meeting on 30 January 2019. Currently no options have been issued under the new EIOP. As noted above, the Board is currently implementing incentives as part of transforming the business and introducing a performance-led culture. It is not expected that the Directors will participate in the EIOP.

Under the EIOP, the Board at its discretion may grant Incentive Options to a Director (whether executive or non-executive) of the Company, a full or part time employee of the Company, a casual employee or contractor of the Company to the extent permitted by the ASIC Class Order, or, a prospective participant, being a person to whom an offer is made but who can only accept the offer if an arrangement has been entered into that will result in the person becoming an Eligible Participant (as defined under the EIOP). Participation in the EIOP only occurs where such a person is declared by the Board to be eligible to receive grants of Incentive Options under the EIOP.

Offers under the EIOP are at the discretion of the Company with the objective of the EIOP being to assist in the recruitment, reward, retention and motivation of employees or contractors of the Company.

Any options which are to be issued under the EIOP to Directors, must first be approved by shareholders pursuant to the requirements of the ASX Listing Rules.

Options issued to Directors

At the 2018 AGM held on 28 November 2018, members: (a) ratified the grant to Ivan Gustavino or his related entities of 10,000,000 options expiring on 13 August 2021; and (b) approved the issue to Rod Sherwood of 1,500,000 options expiring on 12 December 2021. The options issued to Ivan Gustavino and Rod Sherwood were subject to vesting conditions (refer Note 19).

Remuneration Consultants

During FY2019, the Board engaged BDO Reward Pty Ltd ("BDO") as independent remuneration consultants to provide advice in relation to appropriate remuneration and incentive structures for remuneration of senior executives within the Company, including KMP. BDO also provided guidance on appropriate remuneration structures and levels for non-executive directors of the Company. For providing its advice, BDO was paid $16,500 excluding GST in professional fees. The Board is satisfied that the advice provided by BDO was professional, independent and free from any undue influence. No other advice was provided to the Company by BDO.

Voting and comments made at the Company's 2018 Annual General Meeting (AGM)

At the 2018 AGM held on 28 November 2018, 99.69% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2018. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Directors' Report continued

Remuneration Report (Audited) continued

Section B: Contractual arrangements for Directors and KMP

Remuneration and other terms of employment for Key Management Personnel are formalised in service agreements for their Executive positions, as summarised below. Additional information on remuneration for the role as Director can be found in Section C.

Executive Directors

Executive	Contract term	Fixed Remuneration [1]	Others [2,3]	Notice of Termination required by Company (other than dismissal for serious misconduct)	Notice required for resignation by Executive
R Sherwood Chief Executive Officer and Director	Ongoing term	$220,000 Base salary per annum plus superannuation, accommodation benefit capped at $750 per week and a motor vehicle allowance of $27,000 per annum[4]	Sickness & Accident policy 1,500,000 share options	three months	three months

[1]Base annual salaries are quoted as at the year ended 30 June 2019, based on full time unless otherwise indicated.

[2]Policy paid by Company, individual is the policy owner.

[3]Mr Sherwood was granted 1,500,000 options on 12 December 2018, subject to vesting conditions and are exercisable up to 12 December 2021.

[4]Replaced company car provision with effect from 1 January 2019.

Non-Executive Directors

On appointment to the Board, all Non-Executive Directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the board policies and terms, including remuneration.

Section C: Details of Remuneration for the years ended 30 June 2019 and 30 June 2018

The remuneration for each Director and each of the other Key Management Personnel of the Group (as defined in AASB 124 Related Party Disclosure) are set out in the following tables.

30 June 2019	Short-term Employment Benefits			Post- Employment Benefits	Long-term benefits	Share-based payment - Equity settled				
	Cash salary and fees [1] $	Short-term incentives Cash bonus $	Non-monetary[2] $	Superannuation $	Long service leave $	Options and Rights $	Total $	Fixed Remuneration %	Short- Term Incentive %	Long- Term Incentive %
Non- Executive Directors										
Ivan Gustavino [(a)]	82,500	-	-	-	-	184,219	266,719	31	-	69
Chris Brown [(b)]	6,935	-	-	659	-	-	7,594	100	-	-
Reina Nicholls [(c)]	20,833	-	-	1,979	-	-	22,812	100	-	-
George Cameron-Dow	50,000	-	-	4,750	-	-	54,750	100	-	-
Steve Carolan	50,000	-	-	4,750	-	-	54,750	100	-	-
Executive Directors										
Rod Sherwood	283,500	-	15,842	25,650	25,368	10,162	360,522	97	-	3
TOTALS	**493,768**	**-**	**15,842**	**37,788**	**25,368**	**194,381**	**767,147**			

[1] Includes car allowance from 1 January 2019 to Rod Sherwood

[2] Includes vehicle costs to 26 December 2018

[(a)] Represents remuneration from 13 August 2018 to 30 June 2019

[(b)] Represents remuneration from 1 July 2018 to 13 August 2018

[(c)] Represents remuneration from 1 July 2018 to 28 November 2018

Directors' Report continued

Remuneration Report (Audited) continued

30 June 2018	Short-term Employment Benefits			Post- Employment Benefits	Long-term benefits	Share-based payment - Equity settled				
	Cash salary and fees $	Short-term incentives Cash bonus $	Non-monetary $	Superannuation $	Long service leave $	Options and Rights $	Total $	Fixed Remuneration %	Short- Term Incentive %	Long- Term Incentive %
Non- Executive Directors										
Chris Brown	60,000	-	-	5,700	-	-	65,700	100	-	-
Reina Nicholls	50,000	-	-	4,750	-	-	54,750	100	-	-
George Cameron-Dow	50,000	-	-	4,750	-	-	54,750	100	-	-
Steve Carolan[1,2,3]	56,670	-	-	4,841	-	-	61,511	100	-	-
Executive Directors										
Rod Sherwood	271,962	-	26,601	20,049	12,578	-	331,190	100	-	-
TOTALS	**488,632**	**-**	**26,601**	**40,090**	**12,578**	**-**	**567,901**			

[1]Includes annual leave payout less accrual in respect of previous financial years

[2]Refer Related Party disclosure in Note 26, Bev Carolan

[3]Ceased to be an executive director on 4 July 2017

Performance Based Compensation

(i) Share-based payments: Shares

There were no performance-based compensation shares awarded to Key Management Personnel of the Company, including their personally related parties, in FY2019. No shares were granted to Directors in relation to remuneration in FY2018.

(ii) Share-based payments: Options

During FY2019, performance based compensation options were granted to Ivan Gustavino – valued at $184,219 (FY2018: Nil) and Rod Sherwood - $10,162 (FY2018 – Nil).

(iii) Share-based payments: Performance Rights

No performance rights were issued to Key Management Personnel in FY2019 (FY2018: Nil).

Section D: Share, Option and Rights Holdings

Shareholding

The number of shares held by each Director and other Key Management Personnel (and their related parties) in the Company during the financial year was as follows:

	Balance at 1 July 2018	Additions	Disposals	Balance at 30 June 2019
Ordinary shares				
Ivan Gustavino	50,000	869,565	-	919,565
Chris Brown	501,136	-	-	501,136[1]
Rod Sherwood	13,416,405	992,365	-	14,408,770
Steve Carolan	47,284,043	-	-	47,284,043
Reina Nicholls	75,000	-	-	75,000[2]
George Cameron-Dow	200,000	-	-	200,000
	61,526,584	**1,861,930**	**-**	**63,388,514**

[1]Resigned on 13 August 2018. Represents shares held at resignation date.
[2]Resigned on 28 November 2018. Represents shares held at resignation date.

Directors' Report continued

Remuneration Report (Audited) continued

Option holding

The number of options over ordinary shares in the Company held during the financial year by each Director and other Key Management Personnel (and their related parties) during the financial year was as follows:

	Balance at 1 July 2018	Acquired	Exercised	Expired/ forfeited/ other	Balance at 30 June 2019
Options over ordinary shares					
Ivan Gustavino	-	10,000,000[1]	-	-	10,000,000
Rod Sherwood	1,250,000[2]	1,500,000[3]	-	(1,250,000)	1,500,000
Steve Carolan	1,250,000[2]	-	-	(1,250,000)	-
	2,500,000	**11,500,000**	**-**	**(2,500,000)**	**11,500,000**

[1] Exercisable up to 13 August 2021.

[2] Options expired on 24 August 2018.

[3] The options were subject to vesting conditions and are exercisable up to 12 December 2021. The vesting criteria for 750,000 options have been met as of 30 June 2019. The vesting criteria for the remaining 750,000 options have not been met and they have lapsed subsequent to the financial year.

Section E: Other transactions with Directors, and their related parties

i) Transactions with related parties

	30 June 2019 $	30 June 2018 $
BR Carolan - related party to Steve Carolan		
Salary and post-employment benefits	-	17,631
Total paid during the year	**-**	**17,631**

ii) Loan to Directors and their related parties

No loans have been made to any Director or any of their related parties during FY2019 (FY2018: Nil).

There were no further transactions with Directors including their related parties not disclosed above or in Note 26.

Additional Information

The earnings of the consolidated entity for the three years to 30 June 2019 are summarised below:

	2019 $	2018 $	2017 $
Sales Revenue	12,363,970	12,517,024	10,432,249
EBITDA	(539,557)	(1,885,115)	(3,561,348)
EBIT	(1,319,744)	(2,686,952)	(4,108,793)
Loss after income tax	(1,094,550)	(2,541,127)	(3,809,638)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2019 $	2018 $	2017 $
Share price at financial year end $	0.20	0.084	0.11
Total dividends declared (cents per share)	-	-	-
Basic loss per share (cents per share)	(0.42)	(1.03)	(1.59)

End of Audited Remuneration Report

Directors' Report continued

Indemnification and Insurance of Directors and other Officers

Under the Company's Constitution and to the extent permitted by law (subject to the restrictions in section 199A and 199B of the Corporations Act 2001), the Company indemnifies every person who is or has been an officer of the Company against:

(a) any liability (other than for legal costs) incurred by that person as an officer of the Company where the Company requested the officer to accept appointment as Director.

(b) reasonable legal costs incurred in defending an action for a liability incurred by that person as an officer of the Company.

The Company has insured its Directors, the Company Secretaries and executive officers. Under the Company's Directors' and Officers' Liability Insurance Policy (D&O Policy), the Company cannot release to any third party or otherwise publish details of the nature of the liabilities insured by the policy or the amount of the premium. Accordingly, the Company relies on section 300(9) of the Corporations Act 2001 to exempt it from the requirement to disclose the nature of the liability insured against and the premium amount of the relevant policy.

The Company also has in place a Deed of Indemnity, Access and Insurance with each of the Directors. This Deed:

(i) indemnifies the Director to the extent permitted by law and the Constitution against certain liabilities and legal costs incurred by the Director as an officer of any Group Company;

(ii) requires the Company to maintain, and pay the premium for, a D&O Policy in respect of the Director; and

(iii) provides the Director with access to particular papers and documents requested by the Director for a Permitted Purpose (as defined in the deed);

both during the time that the Director holds office and for a seven-year period after the Director ceases to be an officer of any Group Company, on the terms and conditions contained in the Deed.

Auditors

RSM Australia Partners ("RSM") continues in office in accordance with Section 327 of the Corporations Act 2001.

Indemnification and Insurance of Auditors

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.
During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Share Options on issue

As at 30 June 2019 the unissued ordinary shares of the Company under option were:

Class	Date of Expiry	Exercise Price	No. Under Option
Unlisted	26 May 2021	$0.30	1,000,000
Unlisted	13 August 2021	$0.15	2,500,000
Unlisted	13 August 2021	$0.25	2,500,000
Unlisted	13 August 2021	$0.15	2,500,000
Unlisted	13 August 2021	$0.25	2,500,000
Unlisted	12 December 2021[1]	$0.068	375,000
Unlisted	12 December 2021[2]	$0.068	750,000
Unlisted	12 December 2021[3]	$0.068	375,000

[1] Options will vest following the conclusion of the audit of the 2019 financial year (FY2019) results and provided FY2019 revenue across the CVCheck Group has increased by at least 30% over FY2018 revenue. The vesting criteria for these options have not been met and they have lapsed subsequent to the financial year.

[2] Options vest on cash flow break even across the CVCheck Group being achieved and announced to the market for two consecutive quarters of FY2019. The vesting criteria were met and the options have vested.

[3] Options will vest only if at least 25% of the Company's Australian revenue is derived from products other than police checks in two consecutive months of FY2019. The vesting criteria for these options have not been met and they have lapsed subsequent to the financial year.

Shares Issued as a Result of the Exercise of Options

No shares were issued as a result of the exercise of options over ordinary shares during or since the end of the financial year (FY2018: Nil).

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.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

Directors' Report continued

Non-Audit Services

RSM may be employed on assignments additional to their audit services.

Details of the amounts paid or payable to RSM for audit and non-audit services provided during the financial year are outlined in Note 7 to the financial statements.

The directors are satisfied that where such services are provided, the provision of non-audit services during the financial year, by the auditor, is compatible with, and did not compromise the general standard of independence for auditors imposed by the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved by the Board and the CEO to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the Company or jointly sharing economic risks and rewards.

The auditor's independence declaration as required under section 307C of the Corporations Act 2001 is included within the financial statements and forms part of this Directors' Report.

Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors support and adhere to good corporate governance practices. The Company's Corporate Governance Statement is contained in the 'Corporate Governance' section of the Company's website at www.cvcheck.com/investors.

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.

Declaration

This Directors' Report is made in accordance with a resolution of directors made pursuant to Section 298(2)(a) of the *Corporations Act 2001*.

Signed on behalf of the Board of Directors

Ivan Gustavino

Non-Executive Chair

24 September 2019

Rod Sherwood

Chief Executive Officer

24 September 2019

Auditor's Independence Declaration

RSM Australia Partners
Level 32, Exchange Tower
2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61 8 9261 9100
F +61 8 9261 9111

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of CV Check Ltd for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM
RSM AUSTRALIA PARTNERS

A Whyte
ALASDAIR WHYTE
Partner

Perth, WA
Dated: 24 September 2019

Financial Statements

Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2019

	Note	Consolidated 30 June 2019 $	Consolidated 30 June 2018 $
Revenue	2	12,363,970	12,517,024
Other income		39,000	43,824
Interest income		16,704	44,905
Expenses	3		
Cost of sales		(5,712,362)	(6,122,836)
Director and employee benefits expense		(4,306,575)	(4,690,130)
Depreciation and amortisation expense		(780,187)	(801,837)
Finance costs		(1,232)	(13,899)
Marketing expenses		(1,100,083)	(2,075,328)
Share based payment expense		(194,381)	-
Other expenses		(1,629,126)	(1,557,669)
Loss before income tax		**(1,304,272)**	**(2,655,946)**
Income tax benefit	4	209,772	114,819
Loss for the year attributable to members of CV Check Ltd		**(1,094,550)**	**(2,541,127)**
Other comprehensive loss, net of income tax			
Exchange differences arising on translation of foreign operations		91,783	(60,489)
Other comprehensive loss for the year (net of tax)		**91,783**	**(60,489)**
Total comprehensive loss for the year attributable to owners of the parent entity		**(1,002,767)**	**(2,601,616)**
Basic Loss per Share (Cents per Share)	6	(0.42)	(1.03)
Diluted Loss per Share (Cents per Share)	6	(0.42)	(1.03)

The accompanying notes form part of these financial statements.

Statement of Financial Position

AS AT 30 JUNE 2019

		Consolidated	
	Note	30 June 2019 $	30 June 2018 $
CURRENT ASSETS			
Cash and cash equivalents	8	3,122,354	2,395,944
Trade and other receivables	9	765,657	779,310
Other	10	288,305	354,487
Total Current Assets		**4,176,316**	**3,529,741**
NON-CURRENT ASSETS			
Plant and equipment	11	195,576	232,111
Intangibles	12	3,139,816	3,010,046
Other	13	372,768	519,795
Total Non-Current Assets		**3,708,160**	**3,761,952**
TOTAL ASSETS		**7,884,476**	**7,291,693**
CURRENT LIABILITIES			
Trade and other payables	14	2,367,522	2,378,976
Employee benefits	15	169,153	172,305
Contract liabilities	16	332,704	165,601
Finance lease liability	17	-	56,920
Total Current Liabilities		**2,869,379**	**2,773,802**
NON-CURRENT LIABILTIES			
Employee benefits	15	43,288	18,490
Trade and other payables	14	108,516	294,544
Total Non-Current Liabilities		**151,804**	**313,034**
TOTAL LIABILITIES		**3,021,183**	**3,086,836**
NET ASSETS		**4,863,293**	**4,204,857**
EQUITY			
Issued capital	18	24,450,872	22,984,050
Reserves	19	260,367	996,520
Accumulated Losses	20	(19,847,946)	(19,775,713)
TOTAL EQUITY		**4,863,293**	**4,204,857**

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2019

	Issued Capital	Share-based Payments Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total
	$	$	$	$	$
Balance at 1 July 2017	**22,984,050**	**1,639,351**	**(8,301)**	**(17,808,627)**	**6,806,473**
Loss for the year	-	-	-	(2,541,127)	(2,541,127)
Exchange differences arising on translation of foreign operations	-	-	(60,489)	-	(60,489)
Total comprehensive loss for the year	-	-	(60,489)	(2,541,127)	(2,601,616)
Transactions with owners in their capacity as owners:					
Share-based payments (refer note 19)	-	(574,041)	-	574,041	-
Balance at 30 June 2018	**22,984,050**	**1,065,310**	**(68,790)**	**(19,775,713)**	**4,204,857**
Loss for the year	-	-	-	(1,094,550)	(1,094,550)
Exchange differences arising on translation of foreign operations	-	-	91,783	-	91,783
Total comprehensive loss for the year	-	-	91,783	(1,094,550)	(1,002,767)
Transactions with owners in their capacity as owners:					
Shares issued net of issue costs	1,466,822	-	-	-	1,466,822
Share-based payments (refer note 19)	-	(827,936)	-	1,022,317	194,381
Balance at 30 June 2019	**24,450,872**	**237,374**	**22,993**	**(19,847,946)**	**4,863,293**

The accompanying notes form part of these financial statements.

Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2019

	Note	Consolidated 30 June 2019 $	Consolidated 30 June 2018 $
Cash flows from operating activities			
Receipts from customers		12,448,602	12,258,877
Payments to suppliers and employees		(12,410,426)	(14,244,970)
Finance costs paid		(1,096)	(6,435)
Interest received		19,399	55,965
Other revenue		-	4,824
Payment of rental bonds		-	(953)
Receipt of income tax refund		189,030	116,288
Net cash flows used in operating activities	23	**245,509**	**(1,816,404)**
Cash flows from investing activities			
Payment for purchases of plant and equipment		(74,890)	(26,660)
Proceeds from the sale of plant and equipment		50,000	300
Payment for intangible assets		(1,197,987)	(1,052,028)
Receipt of income tax refund		409,307	479,716
Net cash flows used in investing activities		**(813,570)**	**(598,672)**
Cash flows from financing activities			
Net repayments of borrowings		(56,920)	(15,756)
Proceeds from issue of shares		1,447,258	-
Share issue transaction costs		(126,296)	-
Net cash flows from financing activities		**1,264,042**	**(15,756)**
Net increase/(decrease) in cash and cash equivalents		695,981	(2,430,832)
Cash and cash equivalents at the beginning of the year		2,395,944	4,827,679
Effects of exchange rate changes on the balance of cash held in foreign currencies		30,429	(903)
Cash and cash equivalents at the end of the year	8	**3,122,354**	**2,395,944**

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

Note 1. Statement of significant accounting policies

General Information

CV Check Ltd ("the Company") was admitted to the Official List of the Australian Securities Exchange ('ASX') on 4 September 2015. The Company is incorporated in Western Australia and operates in Australia and New Zealand.

The principal activities of the consolidated entity are services relating to screening and verification checks globally. The financial statements include the consolidated entity comprising CV Check Ltd and its subsidiary.

The financial statements for the consolidated entity were authorised for issue by the Directors on 24 September 2019.

Basis of Preparation

This section sets out the basis of preparation and the consolidated entity's accounting policies that relate to the consolidated financial statements as a whole.

Significant and other accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial report are provided throughout the notes to the financial statements to which it relates.

The financial report is a general purpose financial report which:

- has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. This financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB');
- has been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments;
- is presented in Australian dollars, which is the Company's functional and presentation currency. All values are rounded to the nearest dollar unless otherwise stated;
- presents reclassified comparative information where appropriate to enhance comparability with the current period presentation;
- adopts all new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the operations of the consolidated entity and effective for reporting periods beginning on or after 1 July 2018;
- does not early adopt any Accounting Standards and Interpretations that have been issued or amended but are not yet effective; and
- has applied the consolidated entity accounting policies consistently to all periods presented.

Parent Entity Information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 24.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its controlled entity. Details of the controlled entities of the Company are contained in Note 21. Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity 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 consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Notes to the Financial Statements continued

Note 1. Statement of significant accounting policies (continued)

New, revised or amending Accounting Standards and Interpretations adopted

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

Any new, revised 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 consolidated entity:

AASB 9 Financial Instruments

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

AASB 15 Revenue from Contracts with Customers

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

Impact of adoption

The consolidated entity has adopted AASB 9 Financial Instruments and AASB 15 Revenue from Contracts with Customers from 1 July 2018. There is no impact on transactions and balances recognised in the financial statements.

Standards and interpretations issued but not yet effective

The following new or amended accounting standards issued by the AASB are relevant to current operations and may impact the Company in the period of initial application. They are available for early adoption but have not been applied in preparing this Financial Report.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 16 'Leases'	1 January 2019	30 June 2020

Notes to the Financial Statements continued

Note 1. Statement of significant accounting policies (continued)

Standards and interpretations issued but not yet effective (continued)

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (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 will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The consolidated entity will adopt this standard from 1 July 2019. Its impact on adoption is expected to result in total assets increasing by $494,703 and total liabilities increasing by $494,703.

Revenue recognition

The consolidated entity recognises revenue as follows:

Revenue from contracts with customers

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

Rendering of services

Rendering of services revenue is recognised at the point of sale. Amounts disclosed as revenue are net of sales returns and trade discounts.

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.

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 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 apply 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.

Notes to the Financial Statements continued

Note 1. Statement of significant accounting policies (continued)

Income tax (continued)

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. The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that 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 entity's which intend to settle simultaneously.

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. For the statement of cash flows, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days of month end, however, CVCheck Ltd has accepted some Enterprise customers with terms up to 60 days.

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

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

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 consolidated entity'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 consolidated entity'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.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Computer equipment	1-3 years
Plant and equipment	2-10 years
Furniture and fittings	1-10 years
Motor vehicles	8 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

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

Notes to the Financial Statements continued

Note 1. Statement of significant accounting policies (continued)

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.

Research and development

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the Company is able to use or sell the asset; the Company has sufficient resources; and intent to complete the development and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 2.5 years.

Software

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 4 years.

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.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other 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.

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the consolidated entity 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.

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 within 12 months of the reporting date are recognised in current liabilities in respect of employees’ services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

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 recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as 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 corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Notes to the Financial Statements continued

Note 1. Statement of significant accounting policies (continued)

Employee benefits (continued)

Share-based payments

Equity-settled transactions are awards of options over shares that have been provided in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

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.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Current Position for Leases

Finance leases

Assets held that transfer substantially all the risks and rewards of ownership are classified as finance leases. Leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating leases

Operating leases payments, net of any incentives received from the lessor, under which the lessor effectively retains substantially all such risks and benefits, are charged to profit or loss on a straight-line basis over the term of the lease.

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 consolidated entity 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.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Notes to the Financial Statements continued

Note 1. Statement of significant accounting policies (continued)

Investments and other financial assets (continued)

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The consolidated entity 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 consolidated entity'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 measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

Contract liabilities

Contract liabilities represent the consolidated entity's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the consolidated entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the consolidated entity has transferred the goods or services to the customer.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

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.

Dividends

Dividends are recognised when declared.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of CV Check Ltd, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Foreign Currency Translation

The financial statements are presented in Australian dollars, which is the Company’s functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Notes to the Financial Statements continued

Note 1. Statement of significant accounting policies (continued)

Foreign Currency Translation (continued)

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based Payments

Equity- settled and cash-settled share-based compensation benefits are provided to employees and third-party service providers.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees and third-party service providers in exchange for the rendering of services.

The cost of equity-settled transactions is measured at fair value on grant date. The value attributed to share options and remunerations shares issued is an estimate calculated using an appropriate mathematical formula based on either the Binomial or Black-Scholes option pricing model. The choice of models and the resultant option value require assumptions to be made in relation to the likelihood and timing of the conversion of the options to shares and the value of volatility of the price of the underlying shares.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Goodwill

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill has suffered any impairment, in accordance with the accounting policy stated above. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Comparative figures

Where necessary, comparative figures have been re-stated to conform with changes in presentation for the current year.

Note 2. Revenue and other income

	Consolidated	
	30 June 2019 $	30 June 2018 $
Revenue		
Rendering of services	12,363,970	12,517,024
Other Income		
Other	39,000	43,824
Interest income	16,704	44,905
Total Other Income	**55,704**	**88,729**
Total Revenue and Other Income	**12,419,674**	**12,605,753**

Notes to the Financial Statements continued

Note 2. Revenue and other income (continued)

Disaggregation of revenue
The disaggregation of revenue from contracts with customers is as follows:

	30 June 2019 $	30 June 2018 $
Major product lines		
Police checks	10,014,816	10,573,569
Non-police checks	2,349,154	1,943,455
	12,363,970	12,517,024
Geographical regions		
Australia	10,564,003	10,923,121
New Zealand	1,799,967	1,593,903
	12,363,970	12,517,024
Timing of revenue recognition		
Services transferred at a point in time	12,363,970	12,517,024

Note 3. Expenses

	Consolidated	
	30 June 2019 $	30 June 2018 $
Expenses		
Consulting expenses		
Professional and legal fees	296,688	365,067
Foreign exchange loss	11,091	17,066
Marketing expenses	1,100,083	2,075,328
Occupancy expense relating to operating lease		
Rental expenses	607,239	440,356
Superannuation expense[1]		
Defined contribution superannuation expense	301,440	320,786
IT expenses	352,599	312,339
Share-based payments	194,381	-

[1]Director and employee benefit expense includes defined contribution superannuation expenses (refer to Section C of the Remuneration Report in the Directors' Report)

Notes to the Financial Statements continued

Note 4. Income Tax Benefit

a) Income tax benefit

	Consolidated	
	30 June 2019 $	30 June 2018 $
Current tax benefit for the year	(209,722)	(151,063)
Adjustments recognised in the year for current tax of prior periods	-	36,244
Income tax benefit	**(209,722)**	**(114,819)**

b) Reconciliation of income tax benefit to prima facie tax benefit

	Consolidated	
	30 June 2019 $	30 June 2018 $
Loss from continuing operations before income tax expense	**(1,304,272)**	(2,655,946)
Prima facie income tax benefit at 27.5% (2018: 27.5%)	(358,675)	(730,385)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Other non-deductible expenses	73,994	3,760
Effect of different tax rates of subsidiaries operating in other tax jurisdictions	102	4,832
Effect of New Zealand tax adjustments	(561)	-
Research and development tax refundable	(209,722)	(177,297)
Deferred tax asset not recognised	285,140	748,027
Under provision in prior year	-	36,244
Income tax benefit	**(209,722)**	**(114,819)**

Notes to the Financial Statements continued

Note 4. Income Tax Benefit (continued)

c) Unrecognised deferred tax balances

The Company does not currently recognise any deferred tax asset arising from its accumulated losses. The Directors estimate that the potential deferred tax assets at 27.5% (2018: 27.5%) not brought to account attributable to tax losses carried forward at reporting date is approximately $4,761,756 (2018: $4,535,571).

The losses have not been brought to account because the Directors do not believe it is appropriate to regard realisation of those deferred tax assets as being probable. The benefit of these deferred tax assets will only be obtained if:

(1) the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the temporary differences to be realised;

(2) the Company continues to comply with the conditions for deductibility imposed by tax legislation; and

(3) no changes in tax legislation adversely affect the entity in realising the benefit from the deductions for the temporary differences.

Note 5. Key Management Personnel Compensation

Refer to the remuneration report contained in the Directors' Report for details of the remuneration paid or payable to each member of the consolidated entity's Key Management Personnel.

The aggregate compensation made to Directors and Key Management Personnel is set out below:

	Consolidated	
	30 June 2019 $	30 June 2018 $
Short-term employee benefits	509,610	515,233
Post-employment benefits	37,788	40,090
Long-term benefits	25,368	12,578
Share based payments	194,381	-
	767,147	**567,901**

Note 6. Loss per Share

	Consolidated	
	30 June 2019	30 June 2018
Basic loss per share (cents)	(0.42)	(1.03)
Diluted loss per share (cents)	(0.42)	(1.03)
a) Net loss used in the calculation of basic and diluted loss per share	(1,094,550)	(2,541,127)
b) Weighted average number of ordinary shares outstanding during the year used in the calculation of basic loss per share	262,949,406	246,067,597
c) Weighted average number of ordinary shares outstanding during the year used in the calculation of diluted loss per share	262,949,406	246,067,597

As the consolidated entity is in a loss position, the diluted loss per share calculation excludes the dilutive effect of the performance rights and options issued during the year ended 30 June 2019 and 30 June 2018.

Notes to the Financial Statements continued

Note 7. Auditor's Remuneration

	Consolidated	
	30 June 2019 $	30 June 2018 $
Remuneration of the current auditor of the consolidated entity, RSM Australia Partners and its overseas affiliates for:		
Audit services		
Audit or review of the financial statements	54,935	49,000
Other services		
Taxation advisory and compliance	23,838	47,112
Other	22,202	3,061
	100,975	**99,173**

Note 8. Current Assets – Cash and Cash Equivalents

	Consolidated	
	30 June 2019 $	30 June 2018 $
Cash on hand	1,140	563
Cash at bank	3,121,214	2,395,381
	3,122,354	**2,395,944**

The interest rate on cash at bank at 30 June 2019 was 0.6% (2018: 1.16%).

Notes to the Financial Statements continued

Note 9. Current Assets – Trade and Other Receivables

	Consolidated	
	30 June 2019 $	30 June 2018 $
Trade receivables	692,079	659,608
Less: Allowance for expected credit losses	(16,016)	(16,016)
	676,063	643,592
Other receivables (GST)	89,290	129,793
Other receivables	304	5,925
	765,657	**779,310**

All trade receivables are non-interest bearing. Refer to Note 27 for further information on financial instruments.

Allowance for expected credit losses

The consolidated entity did not recognise any losses (FY2018: $11,944) in profit and loss in respect of the expected credit loss for the year ended 30 June 2019.

Note 10. Current Assets – Other

	Consolidated	
	30 June 2019 $	30 June 2018 $
Prepayments	138,618	202,906
Lease incentive receivable	147,027	147,027
Rental bond	2,660	4,554
	288,305	**354,487**

Notes to the Financial Statements continued

Note 11. Non-Current Assets – Plant and Equipment

	Consolidated	
	30 June 2019	30 June 2018
	$	$
Computer equipment - at cost	202,388	158,571
Less: Accumulated depreciation	(150,157)	(119,435)
Net carrying amount	**52,231**	**39,136**
Plant and equipment - at cost	80,960	85,017
Less: Accumulated depreciation	(39,525)	(45,629)
Net carrying amount	**41,435**	**39,388**
Leasehold improvements - at cost	35,352	15,445
Less: Accumulated depreciation	(9,351)	(4,647)
Net carrying amount	**26,001**	**10,798**
Furniture and fittings	16,388	9,242
Less: Accumulated depreciation	(4,589)	(2,686)
Net carrying amount	**11,799**	**6,556**
Low value pool - at cost	127,978	123,592
Less: Accumulated depreciation	(63,868)	(49,990)
Net carrying amount	**64,110**	**73,602**
Leased assets - at cost	-	104,113
Less: Accumulated depreciation	-	(41,482)
Net carrying amount	**-**	**62,631**
Total	**195,576**	**232,111**

Reconciliations

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

	Computer equipment	Plant & equipment	Leasehold improvements	Furniture & fittings	Low value pool	Leased assets	Total
	$	$	$	$	$	$	$
Balance as at 1 July 2017	**64,406**	**44,875**	**5,104**	**8,104**	**72,404**	**71,578**	**266,471**
Additions	7,320	3,586	8,482	-	15,597	-	34,985
Foreign exchange difference	(725)	-	-	(219)	(32)	-	(976)
Depreciation expense	(31,865)	(8,828)	(2,788)	(1,329)	(14,367)	(8,947)	(68,124)
Disposal of assets	-	(245)	-	-	-	-	(245)
Carrying amount as at 30 June 2018	**39,136**	**39,388**	**10,798**	**6,556**	**73,602**	**62,631**	**232,111**
Additions	47,740	-	19,907	6,838	3,743	-	78,228
Foreign exchange difference	917	2,047	(21)	175	577	-	3,695
Depreciation expense	(35,562)	-	(4,683)	(1,770)	(13,812)	(1,902)	(57,729)
Disposal of assets	-	-	-	-	-	(60,729)	(60,729)
Carrying amount as at 30 June 2019	**52,231**	**41,435**	**26,001**	**11,799**	**64,110**	**-**	**195,576**

Notes to the Financial Statements continued

Note 12. Non-Current Assets – Intangibles

	Consolidated	
	30 June 2019 $	30 June 2018 $
Website development - at cost	4,774,897	4,005,079
Less: Accumulated amortisation	(3,065,443)	(2,369,551)
Net carrying amount	**1,709,454**	**1,635,528**
Software - at cost	192,020	172,949
Less: Accumulated amortisation	(160,708)	(133,991)
Net carrying amount	**31,312**	**38,958**
Goodwill	1,399,050	1,335,560
Less: Impairment	-	-
Net carrying amount	**1,399,050**	**1,335,560**
Total	**3,139,816**	**3,010,046**

Reconciliations

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

	Website $	Software $	Goodwill $	Total $
Balance as at 1 July 2017	**1,770,094**	**65,901**	**1,393,915**	**3,229,910**
Additions	1,052,028	-	-	**1,052,028**
Foreign exchange difference	-	(107)	(58,355)	**(58,462)**
Amortisation expense	(706,877)	(26,836)	-	**(733,713)**
R&D tax offset recognised	(479,717))	-	-	**(479,717)**
Carrying amount as at 30 June 2018	**1,635,528**	**38,958**	**1,335,560**	**3,010,046**
Additions	1,179,125	18,863	-	**1,197,988**
Foreign exchange difference	-	57	63,490	**63,547**
Amortisation expense	(695,892)	(26,566)	-	**(722,458)**
R&D tax offset recognised	(409,307)	-	-	**(409,307)**
Carrying amount as at 30 June 2019	**1,709,454**	**31,312**	**1,399,050**	**3,139,816**

Notes to the Financial Statements continued

Note 12. Non-Current Assets – Intangibles (continued)

Impairment testing

Goodwill acquired during the year ended 30 June 2017 through business combinations has been allocated to the following cash-generating units:

	30 June 2019 $	30 June 2018 $
CVCheck (NZ) Ltd	**1,399,050**	**1,335,560**

The recoverable amount of the consolidated entity's goodwill has been determined by a value-in-use calculation using a discounted cash flow model, based on a 3-year projection period approved by the Board and extrapolated for a further 2 years using a steady rate, together with a terminal value.

Key assumptions are those to which the recoverable amount of an asset or cash-generating units is most sensitive. The following key assumptions were used in the discounted cash flow model for the New Zealand operation:

a) 15.7% pre-tax discount rate;

b) minus 11% to plus 23% per annum projected revenue growth rate;

c) Gross margin maintained at current average;

d) Employee benefits costs increase by 4%;

e) Other operating costs and overheads is 10% of the revenue from year 3 to year 5;

f) Marketing costs is 4% of the revenue from year 3 to year 5.

The discount rate of 15.7% pre-tax reflects management’s estimate of the time value of money, the consolidated entity’s weighted average cost of capital adjusted for the New Zealand business and the risk-free rate.

Management believes the projected minus 11% to plus 23% revenue growth rate is conservative and justified, based on the acquired business achieving significantly higher growth rates prior to acquisition, and achieved growth in the two years of operations since acquisition.

There were no other key assumptions for the New Zealand operation.

Based on the above, the recoverable amount of the New Zealand operation exceeded the carrying amount by NZ$1,697,735.

Sensitivity

As disclosed in note 1, the directors have made judgements and estimates in respect of impairment testing of goodwill. Should these judgements and estimates not occur the resulting goodwill carrying amount may decrease. The key sensitivity is as follows:

a) Forecast revenue of the New Zealand business would need to decrease by more than 12% before goodwill would need to be impaired, with all other assumptions remaining constant.

Management believes that other reasonable changes in the key assumptions on which the recoverable amount of goodwill is based would not cause the cash-generating unit’s recoverable amount to be less than the carrying amount.

If there are any significant negative changes in the key assumptions on which the goodwill is based, this may result in an impairment charge for the goodwill.

Note 13. Non-Current Assets – Other

	Consolidated	
	30 June 2019 $	30 June 2018 $
Lease incentive receivable	85,766	232,793
Security bonds	287,002	287,002
	372,768	**519,795**

Lease incentive relates to office premises and is amortised over the term of the lease.

Notes to the Financial Statements continued

Note 14. Trade and Other Payables

	Consolidated	
	30 June 2019 $	30 June 2018 $
Current		
Trade payables	1,398,528	1,359,142
Accrued expenses	396,285	388,388
Lease incentive	186,027	186,027
Other payables	386,682	445,419
	2,367,522	**2,378,976**
Non-Current		
Lease incentive	108,516	294,544
	2,476,038	**2,673,520**

Refer to Note 27 for further information on financial instruments.

Note 15. Employee benefits

	Consolidated	
	30 June 2019 $	30 June 2018 $
Current portion of employee leave obligations	169,153	172,305
Non-current portion of employee leave obligations	43,288	18,490
	212,441	**190,795**

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the consolidated entity does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the consolidated entity does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

Note 16. Current liabilities – Contract Liabilities

	Consolidated	
	30 June 2019 $	30 June 2018 $
Contract liabilities	332,704	165,601
	332,704	**165,601**

Current portion of unearned revenue comprises payments received from customers for which a check has yet to be commenced. Revenue from these payments will be recognised once the processing of a check has commenced or 12 months after receipt of the payment, whichever is the latter.

Notes to the Financial Statements continued

Note 16. Current liabilities – Contract Liabilities (continued)

Reconciliation

Reconciliation of the balance at the beginning and end of the current and previous financial year is set out below:

	Consolidated	
	30 June 2019 $	30 June 2018 $
Opening balance	165,601	133,515
Payments received in advance	720,087	300,166
Transfer to revenue – performance obligations satisfied in current financial year	(552,984)	(268,080)
	332,704	**165,601**

Unsatisfied performance obligations

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was $332,704 as at 30 June 2019 ($165,601 as at 30 June 2018) and is expected to be recognised as revenue in future periods as follows:

	Consolidated	
	30 June 2019 $	30 June 2018 $
Within 6 months	87,838	116,937
6 to 12 months	244,866	48,664
	332,704	**165,601**

Note 17. Finance Lease Liability

	Consolidated	
	30 June 2019 $	30 June 2018 $
Current portion of finance lease liability	-	56,920
Non-current portion of finance lease liability	-	-
	-	**56,920**

Finance lease liability related to a motor vehicle which was sold in December 2018.

Notes to the Financial Statements continued

Note 18. Equity – Issued Capital

	Consolidated			
	30 June 2019		30 June 2018	
	No.	$	No.	$
Fully Paid Ordinary Shares				
Balance at beginning of year	**246,067,597**	**22,984,050**	**246,067,597**	**22,984,050**
Shares issued during the year				
Shares issued on 10 July 2018[1]	639,430	49,308	-	-
Shares issued on 10 July 2018[2]	1,101,009	96,552	-	-
Shares issued on 16 November 2018[3]	23,430,570	1,347,258	-	-
Shares issued on 7 February 2019[4]	1,739,130	100,000	-	-
Shares Issued	**26,910,139**	**1,593,118**	**-**	**-**
Transaction costs relating to share issues (Cash-based)	-	(126,296)	-	-
Transaction Costs	**-**	**(126,296)**	**-**	**-**
Total Fully Paid Ordinary Shares	**272,977,736**	**24,450,872**	**246,067,597**	**22,984,050**
Total Issued Capital	**272,977,736**	**24,450,872**	**246,067,597**	**22,984,050**

[1] Relates to bonus shares issued at A$0.073 per share to James Sutherland, Managing Director of CVCheck NZ Ltd as the NZ business outperformed agreed revenue targets.
[2] Relates to bonus shares issued at A$0.083 to James Sutherland, Managing Director of CVCheck NZ Ltd as the NZ business outperformed agreed revenue targets.
[3] Relates to a placement shares at A$0.0575 per share, announced on 12 November 2018.
[4] Director placement shares relating to share placement at $0.0575 per share, announced on 12 November 2018. The issue of the shares to Directors was approved at the General Meeting on 30 January 2019.

Ordinary shares participate in dividends and the proceeds on winding up of the consolidated entity in proportion to the number of and amounts paid on the shares held. At shareholder meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands. The ordinary shares have no par value and the consolidated entity does not have a limited amount of authorised capital.

Notes to the Financial Statements continued

Note 19. Equity – Reserves

	Consolidated	
	30 June 2019	30 June 2018
	$	$
Share-based payments reserve	237,374	1,065,310
Foreign currency translation reserve	22,993	(68,790)
Total reserves	**260,367**	**996,520**

Issue of Share Options	Date of Issue	Number of Options	Vesting Conditions
Director/Director's Nominee			
Gusfam Pty Ltd ATF Gusfam Trust (Ivan Gustavino's spouse is the sole director of Gusfam Pty Ltd and Gusfam is a family trust)	13 August 2018	2,500,000	Unlisted options vesting immediately with an exercise price of $0.15, expiry date of 3 years from the date of issue, being 13 August 2021.
Gusfam Pty Ltd ATF Gusfam Trust (Ivan Gustavino's spouse is the sole director of Gusfam Pty Ltd and Gusfam is a family trust)	13 August 2018	2,500,000	Unlisted options vesting immediately with an exercise price of $0.25, expiry date of 3 years from the date of issue, being 13 August 2021.
Gusfam Pty Ltd ATF Gusfam Trust (Ivan Gustavino's spouse is the sole director of Gusfam Pty Ltd and Gusfam is a family trust)	13 August 2018	2,500,000	Unlisted options with an exercise price of $0.15, expiry date of 3 years from the date of issue, being 13 August 2021, and which only vest 12 months from Ivan Gustavino's appointment as Chair of CV Check Ltd, being 13 August 2019, and are subject to his continued tenure in that role.
Gusfam Pty Ltd ATF Gusfam Trust (Ivan Gustavino's spouse is the sole director of Gusfam Pty Ltd and Gusfam is a family trust)	13 August 2018	2,500,000	Unlisted options with an exercise price of $0.25, expiry date of 3 years from the date of issue, being 13 August 2021, and which only vest 12 months from Ivan Gustavino's appointment as Chair of CV Check Ltd, being 13 August 2019, and are subject to his continued tenure in that role.
Rod Sherwood	12 December 2018	375,000	Executive options exercisable at $0.068 and expire 3 years from date of issue, being 12 December 2021. Options will vest only if Rod Sherwood remains in the role of CEO as at 30 June 2019 and; the Executive options will vest following the conclusion of the audit of the 2019 financial year (FY19) results and provided FY19 revenue across the CVCheck Group has increased by at least 30% over FY18 revenue.[1]
Rod Sherwood	12 December 2018	750,000	Executive options exercisable at $0.068 and expire 3 years from date of issue, being 12 December 2021. Options will vest only if Rod Sherwood remains in the role of CEO as at 30 June 2019 and; the Executive options will vest on cash flow break even across the CVCheck Group being achieved and announced to the market for two consecutive quarters of FY19.[2]
Rod Sherwood	12 December 2018	375,000	Executive options exercisable at $0.068 and expire 3 years from date of issue, being 12 December 2021. Options will vest only if Rod Sherwood remains in the role of CEO as at 30 June 2019 and; the Executive options will vest on at least 25% of the Company's Australian revenue being derived from products other than police checks in two consecutive months of FY19.[1]

[1] The vesting criteria for these options have not been met and they have lapsed subsequent to the financial year.
[2] The vesting criteria for these options have been met.

Notes to the Financial Statements continued

Note 19. Equity – Reserves (continued)

Nature and purpose of reserves

Share-based payments reserve arises on the grant of performance rights and options to the Chair, management and the Company's corporate advisors. Foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of a foreign subsidiary.

Share-based payments

No share-based payments were issued during the year ended 30 June 2018.

	Consolidated			
	30 June 2019		30 June 2018	
	No.	$	No.	$
Options over fully paid ordinary shares				
Balance at beginning of year	**16,083,333**	**1,065,310**	**48,905,228**	**1,639,351**
Recognised in income statement	11,500,000	194,381[1]	-	-
Total recognised in income statement	**11,500,000**	**194,381**	-	-
Options lapsed	(15,083,333)	(1,022,317)[1]	(32,821,895)	(574,041)
Balance at end of year	**12,500,000**	**237,374**	**16,083,333**	**1,065,310**
Total share-based payment reserves	**12,500,000**	**237,374**	**16,083,333**	**1,065,310**

[1]$1,022,317 was transferred to accumulated losses from share-based payment reserve due to options lapsed. $194,381 was share-based payment expense recognised for the year ended 30 June 2019. This results in net movement of $827,936 to the share-based payments reserve.

Set out below are the options exercisable at the end of the financial year.

Grant Date	Expiry Date	2019 Number	2018 Number
26-Apr-17	26-May-21	1,000,000	1,000,000
13-Aug-18	13-Aug-21	2,500,000	-
13-Aug-18	13-Aug-21	2,500,000	-
13-Aug-18	13-Aug-21	2,500,000	-
13-Aug-18	13-Aug-21	2,500,000	-
12-Dec-18	12-Dec-21	375,000	-
12-Dec-18	12-Dec-21	750,000	-
12-Dec-18	12-Dec-21	375,000	-
		12,500,000	**1,000,000**

The weighted average exercise price of the outstanding options as at 30 June 2019 was 19 cents (2018: 45 cents).

The weighted average remaining contractual life of options outstanding at the end of the financial year was 2.12 years (2018: 0.42 years).

The value attributed to share options issued is an estimate calculated using an appropriate mathematical formula based on an option pricing model. The choice of models and the resultant option value require assumptions to be made in relation to the likelihood and timing of the conversion of the options to shares and the value of volatility of the price of the underlying shares.

The Black Scholes model was used to determine the estimated fair value of options granted during the year ended 30 June 2019. The following assumptions were used:

Grant Date	Expiry Date	Number	Share price at grant date cents per share	Exercise price cents per share	Expected volatility	Dividend yield	Risk free interest rate	Fair value at grant date cents per share
26-Apr-17	26-May-21	1,000,000	8.8	30	100%	-	2.11%	4.3
13-Aug-18	13-Aug-21	2,500,000	6.9	15	80%	-	2.03%	2.3
13-Aug-18	13-Aug-21	2,500,000	6.9	15	80%	-	2.03%	2.3
13-Aug-18	13-Aug-21	2,500,000	6.9	25	80%	-	2.03%	1.6
13-Aug-18	13-Aug-21	2,500,000	6.9	25	80%	-	2.03%	1.6
12-Dec-18	12-Dec-21	375,000	5.5	6.8	71%	-	1.95%	2.3
12-Dec-18	12-Dec-21	750,000	5.5	6.8	71%	-	1.95%	2.3
12-Dec-18	12-Dec-21	375,000	5.5	6.8	71%	-	1.95%	2.3

Notes to the Financial Statements continued

Note 19. Equity – Reserves (continued)

Foreign currency translation reserve

Information on the movement of the foreign currency translation reserve is set out below:

	Consolidated	
	30 June 2019 $	30 June 2018 $
Balance at beginning of the year	(68,790)	(8,301)
Exchange difference on translation of foreign operations	91,783	(60,489)
Balance at the end of the year	**22,993**	**(68,790)**

Note 20. Equity – Accumulated Losses

	Consolidated	
	30 June 2019 $	30 June 2018 $
Accumulated losses at the beginning of the year	**(19,775,713)**	(17,808,627)
Options lapsed	1,022,317	574,041
Loss after income tax benefit for the year	(1,094,550)	(2,541,127)
Accumulated losses at the end of the year	**(19,847,946)**	**(19,775,713)**

Note 21. Controlled Entities

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary in accordance with the consolidated entity's accounting policy described in Note 1.

Name of Entity	Country of Incorporation	Class of Shares	Equity Holding	
			2019	2018
CV Check (NZ) Ltd	New Zealand	Ordinary	100%	100%

Note 22. Segment Reporting

Primary Reporting Format - Business Segments

The consolidated entity is organised into two operating segments based on geographical locations consisting of Australia and New Zealand.

Identification of reportable operating segments

The operating segments are identified based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

Performance is measured based on segment operating profit. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information is reported to the CODM on a monthly basis.

Types of products and services

Both the Australian and New Zealand segments' principal products relate to the retailing of screening and verification products.

Notes to the Financial Statements continued

Note 22. Segment Reporting (continued)

Intersegment Transactions

Intersegment transactions were made at market rates. The Australian operating segment purchases certain verification and screening products and recharges them to the New Zealand business at market price. Intersegment transactions are eliminated on consolidation.

Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received. Intersegment loans are eliminated on consolidation.

Major customers

The Group has no material reliance on a specific customer.

	Australia $	New Zealand $	Intersegment eliminations	Total $
Consolidated - 30 June 2019				
Revenue				
Sales	10,564,003	1,799,967	-	12,363,970
Other income	339,000	-	(300,000)	39,000
Interest income	16,064	640	-	16,704
Total income	**10,919,067**	**1,800,607**	**(300,000)**	**12,419,674**
EBITDA	(707,987)	168,440	(10)	(539,557)
Depreciation and amortisation	(762,885)	(17,302)	-	(780,187)
Interest income	16,064	640	-	16,704
Finance costs	(1,269)	37	-	(1,232)
(Loss)/Profit before income tax expense	(1,456,077)	151,815	(10)	(1,304,272)
Income tax benefit	209,722	-	-	209,722
(Loss)/Profit after income tax expense	(1,246,355)	151,815	(10)	(1,094,550)
Assets				
Segment assets	7,542,629[1]	1,980,378	(1,638,531)	7,884,476
Total assets				**7,884,476**
Liabilities				
Segment liabilities	2,748,269	1,910,857[1]	(1,637,943)	3,021,183
Total liabilities				**3,021,183**

[1]Before elimination of inter-company loans

Notes to the Financial Statements continued

Note 22. Segment Reporting (continued)

	Australia $	New Zealand $	Intersegment eliminations	Total $
Consolidated - 30 June 2018				
Revenue				
Sales	10,923,121	1,593,903	-	12,517,024
Other income	335,243	3	(291,422)	43,824
Interest income	44,475	430	-	44,905
Total income	**11,302,839**	**1,594,336**	**(291,422)**	**12,605,753**
EBITDA	(1,968,709)	99,615	(16,021)	(1,885,115)
Depreciation and amortisation	(790,801)	(11,036)	-	(801,837)
Interest income	44,475	430	-	44,905
Finance costs	(8,637)	(5,262)	-	(13,899)
(Loss)/Profit before income tax expense	(2,723,672)	83,746	(16,021)	(2,655,946)
Income tax benefit/(expense)	177,297	(62,478)	-	114,819
(Loss)/Profit after income tax expense	(2,546,375)	21,268	(16,021)	(2,541,127)
Assets				
Segment assets	7,117,971[1]	2,230,726	(2,057,004)	7,291,693
Total assets				**7,291,693**
Liabilities				
Segment liabilities	2,738,461	2,314,493[1]	(1,966,118)	3,086,836
Total liabilities				**3,086,836**

[1]Before elimination of inter-company loans

Notes to the Financial Statements continued

Note 23. Cashflow information

a) Reconciliation of cash flow from operations with loss after tax

	Consolidated	
	30 June 2019 $	30 June 2018 $
Net loss for the year	**(1,094,550)**	**(2,541,127)**
Non-Cash		
Add back amortisation expense	722,458	733,713
Add back depreciation expense	57,729	68,124
Add loss on disposal of plant and equipment	9,309	(56)
Add back share-based payments expense	194,381	-
Add back provision for doubtful debts	-	11,944
Changes in Working Capital		
Changes in assets		
Trade and other receivables	160,679	(302,189)
Prepayments and other assets	73,782	125,228
Changes in liabilities		
Trade and other payables	(57,253)	118,870
Employee benefits	11,870	(30,911)
Contract liabilities	167,104	-
Net cash flows from / (used in) operating activities	**245,509**	**(1,816,404)**

Notes to the Financial Statements continued

Note 24. Parent entity disclosures

The accounting policies of the Parent entity, which have been applied in determining the financial information shown below, are the same as those applied in these consolidated financial statements.

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

Financial Position	30 June 2019 $	30 June 2018 $
Assets		
Current assets	5,287,043	3,082,539
Non-Current assets	2,255,586	4,035,432
Total assets[1]	**7,542,629**	**7,117,971**
Liabilities		
Current liabilities	2,596,466	2,425,427
Non-Current liabilities	151,804	313,034
Total liabilities	**2,748,270**	**2,738,461**
Net assets	**4,794,359**	**4,379,510**
Equity		
Issued capital	24,450,872	22,984,050
Reserves	237,374	1,065,310
Accumulated losses	(19,893,887)	(19,669,850)
Total equity	**4,794,359**	**4,379,510**

Financial Performance		
Loss for the year	(1,246,355)	(2,546,375)
Other comprehensive income	-	-
Total comprehensive loss	**(1,246,355)**	**(2,546,375)**

[1] Before elimination of inter-company loans

Guarantees of the Parent Entity

There are no guarantees provided by the parent entity other than as disclosed in Note 25.

Contingent liabilities of the Parent Entity

There are no contingent liabilities of the parent entity other than as disclosed in Note 25.

Capital commitments of the Parent Entity

There are no capital commitments of the parent entity other than as disclosed in Note 25.

Notes to the Financial Statements continued

Note 25. Commitments and Contingencies

Commitments

Operating leases relate to office and short-term residential premises and office equipment leases with lease terms not exceeding 5 years. The office leases have options to extend for further periods.

	Consolidated	
	30 June 2019 $	30 June 2018 $
Not longer than one year:		
Lease commitments	473,465	401,697
Longer than one year, but no longer than five years:		
Lease commitments	343,232	650,326
Total commitments	**816,697**	**1,052,023**

Finance lease liability commitments are as disclosed in Note 17.

There are no other material commitments as at 30 June 2019 (2018: Nil).

Contingent assets

There are no contingent assets as at 30 June 2019 (2018: Nil).

Contingent liabilities

There are no contingent liabilities as at 30 June 2019 (2018: Nil).

Note 26. Related Party Transactions

Parent entity

CV Check Ltd is the parent entity.

Subsidiary

Interests in subsidiary are set out in Note 21.

Key Management Personnel

Disclosures relating to Key Management Personnel are set out in Note 5 and the Remuneration Report included in the Directors' Report.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Notes to the Financial Statements continued

Note 26. Related Party Transactions (continued)

Transactions with related parties

	Consolidated	
	30 June 2019 $	30 June 2018 $
BR Carolan - related party to Steve Carolan		
Salary and post-employment benefits	-	17,631
Long service leave entitlements earned during the year	-	-
Total paid during the year	**-**	**17,631**

Loan to Directors and their related parties

No loans have been made to any Director or any of their related parties, during the year (2018: Nil). There were no further transactions with Directors including their related parties, not disclosed above.

Notes to the Financial Statements continued

Note 27. Financial Risk Management Objectives and Policies

a) Financial Instruments

The consolidated entity's financial instruments consist of cash and cash equivalents, trade and other receivables, trade and other payables and finance lease liability. The carrying amounts of financial instruments reflect their fair value:

	Consolidated	
	30 June 2019	30 June 2018
	$	$
Cash and cash equivalents	3,122,354	2,395,944
Trade and other receivables	765,657	779,310
Trade and other payables[1]	2,181,495	2,192,949
Finance lease liability	-	56,920

[1]Excludes lease incentive

b) Risk Management Policy

The Board is responsible for overseeing the establishment and implementation of the risk management system, and reviews and assesses the effectiveness of the implementation of that system on a regular basis.

The Board and Senior Management identify the general areas of risk and their impact on the activities of the consolidated entity, with Management performing a regular review of:

- the major risks that occur within the business;
- the degree of risk involved;
- the current approach to managing the risk; and
- if appropriate, determine:
  - any inadequacies of the current approach; and
  - possible new approaches that more efficiently and effectively address the risk.

Management report risks identified to the CEO through their reports at management meetings.

The consolidated entity seeks to ensure that its exposure to undue risk which is likely to impact its financial performance, continued growth and survival is minimised in a cost-effective manner.

c) Significant Accounting Policy

Details of significant accounting policies and methods adopted, including the criteria for recognition, the basis for measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

The carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables and financial liabilities represents their fair values determined in accordance with their accounting policies. Interest revenue on cash and cash equivalents is disclosed in Note 2 and the return thereon as at each financial year end is disclosed in Note 8.

d) Capital Risk Management

The consolidated entity's objectives when managing capital are to safeguard the consolidated entity's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value.

In order to maintain or achieve an optimal capital structure, the Company may issue new shares or reduce its capital, subject to the provisions of the Company's constitution. The capital structure of the Company consists of equity attributed to equity holders of the Company, comprising contributed equity, reserves and accumulated losses disclosed in Notes 18,19 and 20.

By monitoring undiscounted cash flow forecasts and actual cash flows provided to the Board by Management, the Board monitors the need to raise additional equity from the equity markets.

Taking account of the consolidated entity's current stage of development and the inherent business risks therein, the Board considers it inappropriate to add financial risk by introducing material levels of debt into the capital structure.

Notes to the Financial Statements continued

Note 27. Financial Risk Management Objectives and Policies (continued)

e) Financial Risk Management

The main risks the consolidated entity is exposed to through its operations are interest rate risk, foreign exchange risk, credit risk and liquidity risk.

Interest Rate Risk

The consolidated entity is exposed to interest rate risks via the cash and cash equivalents that it holds. Interest rate risk is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates. The objective of managing interest rate risk is to minimise the consolidated entity's exposure to fluctuations in interest rate that might impact its interest revenue and cash flow.

The consolidated entity has a bias to ensuring high availability of liquidity to ensure underlying business opportunities are maximised. Term deposits may be utilised from time to time to enhance interest returns over at call bank accounts; the consolidated entity's cash flow forecast forms the key consideration to the term adopted.

Interest rate risk is considered when managing consolidated entity funds. The consolidated entity considers the interest rate received by retaining cash and cash equivalents in the consolidated entity's operating account compared to placing funds into a term deposit; in recent times interest rates available to the consolidated entity for at call or near call accounts have been more attractive than those available in the term deposit market.

The consolidated entity's exposure to interest rate risk and the weighted average interest rates on the consolidated entity's financial assets and financial liabilities is as follows:

	Weighted average interest rate %	30 June 2019 $	Weighted average interest rate %	30 June 2018 $
Cash and cash equivalents	0.6	3,122,354	1.16	2,395,944
Finance lease liability	-	-	4.99	56,920

There has been no material change to the consolidated entity's exposure to interest rate risk or the manner in which it manages and measures its risk in the year ended 30 June 2019; the finance lease liability is a fixed rate instrument with the interest serviced on a reducing balance basis.

Sensitivity analysis – interest rates

The sensitivity effect of possible interest rate movements are not disclosed as they are immaterial.

Foreign Currency Risk

The consolidated entity is exposed to foreign currency risk via the trade and other receivables and trade and other payables that it holds. Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The consolidated entity does not have a policy to hedge overseas payments or receivables as they are highly variable in amount and timing. To date the annual total value of transactions subject to foreign currency risk has been immaterial and is monitored with monthly reporting cycles.

The following financial assets and liabilities are subject to foreign currency risk:

	30 June 2019 $	30 June 2018 $
Trade payables (AUD/GBP)	641	2,376
Trade payables (AUD/USD)	42,605	6,739
Trade payables (AUD/NZD)	10,322	1,672

Foreign currency risk is measured by regular review of cash forecasts, monitoring the dollar amount and currencies that payments are anticipated to be paid in. The consolidated entity also considers the market fluctuations in relevant currencies to determine the level of exposure. If the level of exposure is considered by Management to be too high, then Management has authority to take steps to reduce the risk.

Notes to the Financial Statements continued

Note 27. Financial Risk Management Objectives and Policies (continued)

Steps to reduce risk may include the acquisition of foreign currency ahead of the anticipated due date of an invoice, or may include negotiations with suppliers to make payment in our functional currency, or may include holding receipted foreign currency funds in a foreign currency denominated bank account to make future payments denominated in that same currency. Should Management determine that the consolidated entity consider taking out a hedge to reduce the foreign currency risk, they would need to seek Board approval.

The consolidated entity conducts activities outside of Australia that expose it to transactional currency movements, where the consolidated entity is required to pay in a currency other than its functional currency.

There has been no change in the manner the consolidated entity manages and measures its risk in the year ended 30 June 2019.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

The consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

The consolidated entity has analysed its trade and other receivables below:

	0-30 days $	31-60 days $	61-90 days $	90+ days $
2019 Trade and other receivables	568,930	81,764	58,788	56,175
2018 Trade and other receivables	626,136	71,821	37,796	43,557

Liquidity Risk

The consolidated entity is exposed to liquidity risk via its trade and other payables.

Liquidity risk is the risk that the consolidated entity will encounter difficulty in raising funds to meet the commitments associated with its financial instruments. Responsibility for liquidity risk rests with the Board who manage liquidity risk by monitoring undiscounted cash flow forecasts and actual cash flows provided to them by the consolidated entity's Management at Board meetings to ensure that the consolidated entity continues to be able to meet its debts as and when they fall due.

Contracts are not entered into unless the Board believes that there is sufficient cash flow to fund the additional activity. The Board considers when reviewing its undiscounted cash flow forecasts whether the consolidated entity needs to raise additional funding from the equity markets.

The consolidated entity has analysed its trade and other payables below:

	0-30 days $	31-60 days $	61-90 days $	90+ days $
2019 Trade and other payables[1]	2,059,685	82,574	38,752	484
2018 Trade and other payables[1]	2,192,949	-	-	-

[1]Excludes lease incentive

There is no material risk on fair values as trade and other payables are assumed to approximate their fair values due to their short-term nature.

Notes to the Financial Statements continued

Note 28. Events after the Reporting Date

On 14 August 2019 the securities for CVCheck Ltd ("CV1") were placed in a trading halt at the request of the Company pending an announcement. On 16 August 2019, the Company announced a successful $3.1 million placement before costs to institutional, sophisticated and professional investors. A total of 19.1 million shares at $0.16 per share were issued pursuant to the placement with allotments allocated on 23 August 2019. The new shares will rank *pari passu* with existing ordinary shares.

Note 29. Company Details

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

The Garden Office Park, Level 2, Building E, 355 Scarborough Beach Road, Osborne Park WA 6017.

Directors' Declaration

The Directors declare that:

a. In the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position as at 30 June 2019 and performance for the year ended 30 June 2019 of the consolidated entity; and

b. In the directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in Note 1.

c. The directors have been given the declaration required by s.295A of the Corporations Act 2001.

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.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act. On behalf of the Board:

Ivan Gustavino

Non-Executive Chair

24 September 2019

Rod Sherwood

Chief Executive Officer

24 September 2019

Independent Auditor's Report

RSM Australia Partners

Level 32 Exchange Tower
2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100
F +61 (0) 8 9261 9111

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
CV CHECK LTD

Opinion

We have audited the financial report of CV Check Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, 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 statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group 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 2019 and of its financial performance for the year then ended; and

(ii) Complying with Australian Accounting Standards 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 auditor independence requirements of 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 (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.

RSM

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	**How our audit addressed this matter**
Impairment of goodwill Refer to Note 12 in the financial statements	
The Group has goodwill of $1,399,050 relating to its subsidiary CV Check (NZ) Ltd. We focused on this area due to the size of the goodwill balance, the requirement to test goodwill annually for impairment and because the directors' assessment of the value in use of the cash generating unit ("CGU") involves significant management judgements about the future underlying cash flows of the business and the discount rate applied. For the year ended 30 June 2019, management has performed an impairment assessment over the goodwill balance by: • Calculating the value in use for the CGU using a discounted cash flow model. The model used cash flows (revenues, expenses and capital expenditure) for the CGU for five years, with a terminal growth rate applied to the fifth year. These cash flows were then discounted to net present value using the Group's weighted average cost of capital (WACC); and • Comparing the resulting value in use of the CGU to the carrying amount.	Our audit procedures in relation to management's impairment assessment included: • Assessing management's determination that the goodwill should be allocated to the New Zealand entity as a single CGU based on the nature of the Group's business and the manner in which results are monitored and reported; • Assessing the valuation methodology used; • Challenging the reasonableness of key assumptions, including the cash flow projections, exchange rates and discount rate used; and • Checking the mathematical accuracy of the cash flow model and reconciling input data to supporting evidence, such as approved budget and considering the reasonableness of this budget.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and the auditor's report thereon.

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

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

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

Independent Auditor's Report continued

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and 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 have 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 at: http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of CV Check Ltd, for the year ended 30 June 2019, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

RSM
RSM AUSTRALIA PARTNERS

AWhyte
ALASDAIR WHYTE
Partner

Perth, WA
Dated: 24 September 2019

Shareholder and Other Information

The following details of shareholders of CV Check Limited have been taken from the Share Register on 24 September 2019.

Number of Holders of Equity Securities
Ordinary Share Capital

292,097,676 fully paid Ordinary Shares are held by 1415 individual shareholders.

Voting Rights

The voting rights attached to ordinary shares are set out below:

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.

Unquoted Securities

	Number on issue	Number of holders
Options with an exercise price of 30 cents and expiring 26 May 2021	1,000,000	1
Options with an exercise price of 15 cents and expiring 13 August 2021	2,500,000	1
Options with an exercise price of 25 cents and expiring 13 August 2021	2,500,000	1
Options with an exercise price of 15 cents and expiring 13 August 2021, vested on 13 August 2019	2,500,000	1
Options with an exercise price of 25 cents and expiring 13 August 2021, vested on 13 August 2019	2,500,000	1
Options with an exercise price of 6.8 cents and expiring 12 December 2021	750,000	1

Distribution of Equitable Securities

Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares	Total units
1 to 1,000	33	12,449
1,001 to 5,000	187	657,474
5,001 to 10,000	179	1,519,250
10,001 to 100,000	652	26,085,103
100,001 and over	364	263,823,400
Total	**1,415**	**292,097,676**
Holding less than a marketable parcel	**127**	**242,762**

Shareholder and Other Information continued

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Number of Ordinary Shares Held	% of Ordinary Shares
BEVERLEY RUTH CAROLAN	44,092,554	15.10%
STEPHENS GROUP SUPER FUND PTY LTD <STEPHENS GROUP S/F A/C>	12,600,000	4.31%
NATIONAL NOMINEES LIMITED	11,149,958	3.82%
MR NEAL PHILLIP CONLIFFE & MS ALISON MARGARET CONLIFFE <METROGUARD SUPER FUND A/C>	6,692,558	2.29%
MR MICHAEL MCPHERSON STEWART & MRS JUDITH STEWART <THE STEWART FAMILY S/F A/C>	5,387,003	1.84%
MR RODNEY CAMERON SHERWOOD	5,150,000	1.76%
KENTRO PTY LTD <RICHARD HILL FAMILY A/C>	4,561,065	1.56%
THE STEPHENS GROUP PTY LTD	4,500,000	1.54%
GARSIND PTY LTD <RUTH ROSS SUPER FUND A/C>	3,648,983	1.25%
GAYNOR GARDINER-SHERWOOD	3,529,139	1.21%
RODNEY CAMERON SHERWOOD	3,351,392	1.15%
BEVERLEY RUTH CAROLAN <FOURTH WATCH A/C>	3,191,489	1.09%
STEWART ALEXANDER PTY LTD <SHARP FAMILY A/C>	2,752,817	0.94%
MR ALAN TREVOR PEARLMAN & MRS KERRIE ANNE PEARLMAN <KERRIE PEARLMAN FAMILY A/C>	2,670,000	0.91%
POWERWRAP LIMITED <SCHEME A/C>	2,553,343	0.87%
MR BRIAN TULLY & MRS MARGARET TULLY <SUPERANNUATION FUND A/C>	2,521,631	0.86%
SILVERSONG PTY LTD <VILLA ROMA SUPER FUND A/C>	2,500,000	0.86%
MORRMAC PTY LTD <MIMIE MACLAREN PENSION A/C>	2,400,000	0.82%
WASHINGTON H SOUL PATTINSON & COMPANY LIMITED	2,287,500	0.78%
MR ANDREW JAMES MAFFETT	2,125,165	0.73%
Total	**127,664,597**	**43.71%**
Total Balance of Remaining Holders	**164,433,079**	**56.29%**
Total Issued Capital	**292,097,676**	**100.00%**

Shareholder and Other Information continued

Substantial holders

Substantial holders in the company are set out below:

	Ordinary Shares	
	Number held	%
Beverley Ruth Carolan	47,284,043	16.19%
Bernard Stephens and Stephens Group	18,400,000	6.30%

Holders of more than 20% Unquoted Equity Securities

Holders of more than 20% in each class of Unquoted Equity Securities are set out below:

	Unlisted Options with an exercise price of 30 cents and expiring on 26 May 2021	
	Number held	%
Ketom Pty Ltd <The Bechler Family Trust>	1,000,000	100.00%

	Unlisted Options with an exercise price of 15 cents and expiring on 13 August 2021	
	Number held	%
Gusfam Pty Ltd <Gusfam A/C>	2,500,000	100.00%

	Unlisted Options with an exercise price of 25 cents and expiring on 13 August 2021	
	Number held	%
Gusfam Pty Ltd <Gusfam A/C>	2,500,000	100.00%

	Unlisted Options with an exercise price of 15 cents and expiring on 13 August 2021 and vested on 13 August 2019	
	Number held	%
Gusfam Pty Ltd <Gusfam A/C>	2,500,000	100.00%

	Unlisted Options with an exercise price of 25 cents and expiring on 13 August 2021 and vested on 13 August 2019	
	Number held	%
Gusfam Pty Ltd <Gusfam A/C>	2,500,000	100.00%

Shareholder and Other Information continued

Holders of more than 20% Unquoted Equity Securities continued

	Unlisted Options with an exercise price of 6.8 cents and expiring on 12 December 2021	
	Number held	%
Rodney Cameron Sherwood	750,000	100.00%

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CV Check Ltd ABN 25 111 728 842
PO Box 140
Osborne Park WA 6917
Australia