Lumos Diagnostics Holdings Pty Ltd

ABN 66 630 476 970

Annual Report - 30 June 2020

General information

The financial statements cover Lumos Diagnostics Holdings Pty Ltd as a consolidated entity consisting of Lumos Diagnostics Holdings Pty Ltd and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Lumos Diagnostics Holdings Pty Ltd's functional and presentation currency.

Lumos Diagnostics Holdings Pty Ltd is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

436 Elgar Road
Box Hill, VIC 3128
Australia

Principal place of business

7227 Delainey Court
Sarasota, Florida 34240
USA

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 16 December 2020. The directors have the power to amend and reissue the financial statements.

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

Directors
The following persons were directors of Lumos Diagnostics Holdings Pty Ltd during the whole of the financial year and up to the date of this report, unless otherwise stated:

Samuel Lanyon
Benjamin Bergo
Robert Sambursky
Craig Mallitz
Hany Massarany (appointed 27 July 2020)
Bronwyn LeGrice (appointed 1 November 2020)

Principal activities
During the financial year the principal continuing activities of the consolidated entity consisted of providing contract research & development services specializing in the innovation, development, commercialization and manufacturing of point-of-care diagnostic solutions for clinical and consumer applications.

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

Review of operations
The loss for the consolidated entity after providing for income tax amounted to $13,447,041 (30 June 2019: $6,545,849).

The consolidated entity results for FY2020 include 12 months of trading for Rapid Pathogen Screening, whereas the results for FY2019 include one month, being June 2019.

During the year, the consolidated entity focused on integrating its May 2019 acquisition of Rapid Pathogen Screening, which owns the rapid point-of-care bacterial versus viral detection test, FebriDx, building its service revenue, and adding a manufacturing offering. Lumos Diagnostics is now positioned as a service, manufacturing and product business.

The consolidated entity continued to attract new clients with revenue increasing 31% from $6.4m to $8.4m. The majority of this revenue is from the service business, with distributor appointments and the commercial launch of FebriDx in the UK and other markets gaining traction during the year. The business has added a range of new service clients with larger projects, and is focused on completing the US clinical trials for FebriDx and gaining FDA approval so that commercialisation in the US can commence.

Reported revenue was $11.1m, which included $2.7m of government grants under the US payroll protection program.

The company completed a Series A round with its major shareholder, Planet Innovation Holdings Limited, in November 2019 with an investment of $10m occurring over the period from November 2019 to April 2020. A further $4.0m was invested by Planet Innovation across the May 2020 to July 2020 period.

Just prior to finalizing this Annual Report, Lumos Diagnostics completed an oversubscribed pre-IPO convertible note round of $25.3m. This capital raising will provide funding for Lumos Diagnostics to progress the commercialisation of its FebriDx test, take advantage of some COVID initiatives, add manufacturing capability, and position the company for growth leading into an anticipated IPO on the ASX during calendar 2021.

Significant changes in the state of affairs
Other than outlined above, there were no significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year

Subsequent to 30 June 2020 the Consolidated entity completed an oversubscribed pre-IPO convertible note capital raise of $25.3 million in September 2020 as it prepares for a listing on the ASX in 2021.

The key terms of the convertible notes are:

- Unsecured pre-IPO convertible notes
- Term of 24 months
- Interest rate of 10% per annum
- Conversion to equity on IPO of $10m or more, trade sale or maturity
- Discount on conversion of 20%

Apart from the convertible note capital raise, no other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

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

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

Indemnity and insurance of officers
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 paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

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

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.

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.

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

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

On behalf of the directors

Samuel Lanyon
Director

16 December 2020

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF LUMOS DIAGNOSTICS HOLDINGS PTY LTD

I declare that, to the best of my knowledge and belief during the year ended 30 June 2020 there have been:

— no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

— no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

A. A. Finnis
Director

Melbourne, 16 December 2020

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Lumos Diagnostics Holdings Pty Ltd
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2020

	Note	Consolidated 2020 $	2019 $
Revenue	3	8,396,481	6,382,087
Cost of Sales		(4,756,320)	(3,481,144)
Gross Profit		**3,640,161**	**2,900,943**
Other income	4	2,736,142	105,117
Expenses			
Marketing and sales expenses		(2,633,042)	(2,790,514)
General and administration expenses		(13,766,490)	(3,488,540)
Research and development expenses		(2,774,141)	(817,235)
Results from operating activities		**(12,797,370)**	**(4,090,229)**
Acquisition of subsidiary expenses		-	(647,766)
Impairment of intangible assets		-	(2,529,946)
Finance income		15,378	497,349
Finance costs		(751,208)	(645,894)
Loss before income tax (expense)/benefit		(13,533,200)	(7,416,486)
Income tax benefit	5	86,159	870,637
Loss after income tax (expense)/benefit for the year attributable to the owners of Lumos Diagnostics Holdings Pty Ltd		(13,447,041)	(6,545,849)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(73,993)	97,577
Other comprehensive income for the year, net of tax		(73,993)	97,577
Total comprehensive income for the year attributable to the owners of Lumos Diagnostics Holdings Pty Ltd		(13,521,034)	(6,448,272)

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

Lumos Diagnostics Holdings Pty Ltd
Statement of financial position
As at 30 June 2020

	Note	Consolidated 2020 $	2019 $
Assets			
Current assets			
Cash and cash equivalents		1,234,108	4,372,022
Trade and other receivables	6	1,354,175	2,060,568
Inventories		729,023	107,082
Prepayments and other assets		1,995,812	171,609
Total current assets		5,313,118	6,711,281
Non-current assets			
Financial assets held at cost		270,599	270,599
Deferred tax assets		86,501	-
Right-of-use assets	7	5,969,072	-
Plant and equipment	8	870,370	812,950
Intangibles	9	31,364,678	28,389,367
Total non-current assets		38,561,220	29,472,916
Total assets		43,874,338	36,184,197
Liabilities			
Current liabilities			
Trade and other payables	10	4,556,151	2,911,622
Related party borrowings	11	-	4,162
Lease liabilities	12	1,254,899	-
Employee benefits		595,742	255,522
Deferred revenue	13	663,953	1,556,947
Total current liabilities		7,070,745	4,728,253
Non-current liabilities			
Convertible notes	14	-	14,847,774
Lease liabilities	15	4,700,262	-
Total non-current liabilities		4,700,262	14,847,774
Total liabilities		11,771,007	19,576,027
Net assets		32,103,331	16,608,170
Equity			
Issued capital	16	50,678,233	18,086,531
Reserves	17	1,461,947	5,111,447
Accumulated losses		(20,036,849)	(6,589,808)
Total equity		32,103,331	16,608,170

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

Lumos Diagnostics Holdings Pty Ltd
Statement of changes in equity
For the year ended 30 June 2020

Consolidated	Issued capital $	Foreign currency translation reserve $	Equity reserve $	Accumulated losses $	Total equity $
Balance at 1 July 2018	4,100,080	(29,141)	-	(43,959)	4,026,980
Loss after income tax benefit for the year	-	-	-	(6,545,849)	(6,545,849)
Other comprehensive income for the year, net of tax	-	97,577	-	-	97,577
Total comprehensive income for the year	-	97,577	-	(6,545,849)	(6,448,272)
Cancellation of share capital on incorporation of Lumos Diagnostics Holdings Pty Ltd	(4,100,080)	-	-	-	(4,100,080)
Issue of shares (net of costs)	18,086,531	-	-	-	18,086,531
Transactions with owners in their capacity as owners:					
Shares awaiting to be issued in relation to RPS acquisition	-	-	5,043,011	-	5,043,011
Balance at 30 June 2019	18,086,531	68,436	5,043,011	(6,589,808)	16,608,170

Consolidated	Issued capital $	Foreign currency translation reserve $	Equity reserve $	Accumulated losses $	Total equity $
Balance at 1 July 2019	18,086,531	68,436	5,043,011	(6,589,808)	16,608,170
Loss after income tax expense for the year	-	-	-	(13.447,041)	(13,447,040)
Other comprehensive income for the year, net of tax	-	(73,933)	-	-	(73,933)
Total comprehensive income for the year	-	(73,933)	-	(13,447,041)	(13,520,973)
Issue of shares (net of costs)	32,591,701	-	(5,043,011)	-	27,548,690
Share based payments	-	-	1,467,444	-	1,467,444
Balance at 30 June 2020	50,678,232	(5,497)	1,467,444	(20,036,848)	32,103,331

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

Lumos Diagnostics Holdings Pty Ltd
Statement of cash flows
For the year ended 30 June 2020

	Note	Consolidated 2020 $	2019 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		8,503,523	4,706,264
Payments to suppliers (inclusive of GST)		(16,670,539)	(9,028,853)
Government grant funding		2,722,341	-
Net cash used in operating activities	26	(5,444,675)	(4,322,589)
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired		-	(7,854,013)
Payments for investments		-	(270,559)
Payments for property, plant and equipment	8	(437,602)	(859,887)
Payments for clinical trials and development		(9,008,459)	(2,741,389)
Net cash used in investing activities		(9,446,061)	(11,725,848)
Cash flows from financing activities			
Proceeds from borrowings		-	5,711,532
Proceeds from issue of convertible notes		-	14,282,718
Proceeds from issue of shares		12,000,000	-
Repayment of lease liabilities		(235,845)	-
Net cash from financing activities		11,764,155	19,994,250
Net increase/(decrease) in cash and cash equivalents		(3,126,581)	3,945,813
Cash and cash equivalents at the beginning of the financial year		4,372,022	328,630
Effects of exchange rate changes on cash and cash equivalents		(11,333)	97,579
Cash and cash equivalents at the end of the financial year		1,234,108	4,372,022

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

Note 1. Significant accounting policies

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

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

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

The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below:

AASB 16 - Leases

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

AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated.

The impact of adoption on opening retained profits as at 1 July 2019 was as follows:

	1 July 2019
Operating lease commitments as at 30 June 2019	207,136
Discounted operating lease commitments using weighed average incremental borrowing rate of 6% at 1 July 2019	(11,724)
Right of use assets	195,412
Lease liabilities – current	(135,987)
Lease liabilities – noncurrent	(59,425)
Tax effect	-
Reduction in opening retained profits as at 1 July 2019	-

The short-term leases which were exempted from AASB 16 and expensed in the statement of profit or loss and comprehensive income were deemed immaterial. Right of use asset and liability accounting policies are explained below.

Basis of preparation
These general purpose financial statements have 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. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention.

Note 1. Significant accounting policies (continued)

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

Principles of consolidation
The consolidated financial statements comprise the financial statements of the consolidated entity and its subsidiaries as at 30 June 2020. Consolidation of a subsidiary begins when the consolidated entity obtains control over the subsidiary and ceases when the consolidated entity loses control of the subsidiary. Control is achieved when the consolidated entity is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the consolidated entity controls an investee if and only if the consolidated entity has:
- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the consolidated entity has less than a majority of the voting or similar rights of an investee, the consolidated entity considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The consolidated entity's voting rights and potential voting rights.

The consolidated entity re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the consolidated entity gains control until the date the consolidated entity ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the consolidated entity and to the non-controlling interests, even if this results in the non- controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the consolidated entity's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the consolidated entity are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the consolidated entity loses control over a subsidiary, it:
- De-recognises the assets (including goodwill) and liabilities of the subsidiary;
- De-recognises the carrying amount of any non-controlling interests;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss;
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the consolidated entity had directly disposed of the related assets or liabilities.

For the year ended 30 June 2019 the combined basis of accounting was applied as Lumos Diagnostics Holdings Pty Ltd was incorporated on 7 December 2018. Post incorporation the accounting policy noted above was observed. Prior to incorporation of Lumos Diagnostics Pty Ltd

Note 1. Significant accounting policies (continued)

Foreign currency translation
The financial statements are presented in Australian dollars, which is Lumos Diagnostics Holdings Pty Ltd'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.

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.

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.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

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

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

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

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

Note 1. Significant accounting policies (continued)

Income tax

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

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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

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

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.

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

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.

Trade and other receivables

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

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

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

Note 1. Significant accounting policies (continued)

Inventories
Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

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

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, it's carrying value is written off.

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

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 straight-line basis to write off the net cost of each item of plant and equipment (excluding land) over their expected useful lives as follows:

Office Equipment	3-5 years
Leasehold improvements	3-5 years
Plant and equipment	3-7 years
Computer equipment	3 years

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

Note 1. Significant accounting policies (continued)

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

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.

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

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

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

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

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

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 consolidated entity is able to use or sell the asset; the consolidated entity 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 10 years from commencement of the project entering into service.

Intellectual property
In general intellectual property is not amortised and tested annually for impairment.

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.

Note 1. Significant accounting policies (continued)

Trade and other payables
These amounts 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.

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

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

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

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

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.

Employee benefits

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

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Share-based payments
Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Note 1. Significant accounting policies (continued)

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

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.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:
- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

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

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

Note 1. Significant accounting policies (continued)

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.

Business combinations
The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

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.

Note 1. Significant accounting policies (continued)

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

Government grants

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

During the year, the Group received grants from the from the US Federal Government as part of the Pay-check Protection Program (PPP). As at 30 June 2020, the grant received was recognised in the Statement of Profit of Loss and Other Comprehensive income as the funds received meet the criteria for recognition under *AASB 120 – Accounting for government grants*. The grant has been recognised as other income.

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

Note 2. 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.

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

Allowance for expected credit losses
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Provision for impairment of inventories
The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Estimation of useful lives of assets
The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

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

Goodwill and other indefinite life intangible assets
The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. 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.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Employee benefits provision
As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Business combinations
As discussed in note 1, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

Note 3. Revenue

	Consolidated	
	2020	**2019**
	$	**$**
Sales of goods	498,946	151,444
Services income	6,338,143	5,643,673
Materials & supplies recharge	1,559,392	586,970
Revenue	8,396,481	6,382,087

Note 4. Other income and expenses

	Consolidated	
Note 4 (a) Other Income	**2020**	**2019**
	$	**$**
Net foreign exchange gain	13,801	23,005
Government grants	2,722,341	82,112
Other income	2,736,142	105,117

Note 4. Other income (continued)

Note 4 (b) Expenses

Employment Expenses included in cost of sales and overhead expenses:

Cost of Sales		
Salaries and wages	2,225,641	1,947,175
Other payroll costs	953,846	834,503
Total Cost of Sales	3,179,487	2,781,678
Overhead Expenses		
Salaries and wages	9,322,536	1,805,089
Other payroll costs	1,413,694	773,610
Total Overhead Expenses	10,736,230	2,578,699
Total Employment Expenses	13,915,717	5,360,377
Depreciation and amortisation:		
Depreciation	339,070	175,446
Amortisation	322,901	501,728
	661,971	677,174
ROU asset amortisation	145,080	-

General and administrative expenses includes finance, administration, quality, regulatory, clinical trials, manufacturing establishment and other sundry expenses.

Note 5. Income tax benefit

The income tax benefit recorded in the statement of profit or loss and other comprehensive income is based on the future income tax benefit of provisions and blackhole expenditure deductions. Deferred tax assets relating to unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised. No tax losses have been brought to account for the year ending 30 June 2020 as it is not probable that they will be recovered in the short term.

Note 6. Current assets - trade and other receivables

	Consolidated	
	2020	2019
	$	$
Trade receivables	648,422	816,255
Less: Allowance for expected credit losses	(110,388)	(29,231)
	538,034	787,024
Related party receivables	737,603	1,273,401
Other receivables	78,538	143
	1,354,175	2,060,568

Note 6. Current assets - trade and other receivables (continued)

Allowance for expected credit losses
Movements in the allowance for expected credit losses are as follows:

	Consolidated	
	2020	**2019**
	$	**$**
Opening balance	29,231	13,530
Additional provisions recognised	87,426	57,036
Receivables written off during the year as uncollectable	(6,909)	(42,064)
Exchange differences	640	729
Closing balance	110,388	29,231

Note 7. Non-current assets - right-of-use assets

	Consolidated	
	2020	**2019**
	$	**$**
Land and buildings - right-of-use	3,652,311	-
Less: Accumulated depreciation	(140,825)	-
	3,511,486	-
Plant and equipment - right-of-use	2,457,586	-
Less: Accumulated depreciation	-	-
	2,457,586	-
	5,969,072	-

During the year the consolidated entity signed a new property lease in Sarasota, this addition generated a right-of-use asset of $3,466,411. The consolidated entity also entered into equipment leases in June 2020. As the equipment was not installed and operational as at 30 June 2020 no depreciation charge has been recognised.

The consolidated entity has also elected not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying AASB 117 and Interpretation 4 Determining whether an Arrangement contains a Lease.

The total expense for low value assets was not considered material for the consolidated entity as at 30 June 2020.

Note 8. Non-current assets - plant and equipment

	Consolidated 2020 $	Consolidated 2019 $
Leasehold improvements - at cost	266,996	40,578
Less: Accumulated depreciation	(244,788)	(8,159)
	22,208	32,419
Plant and equipment - at cost	1,460,549	1,156,780
Less: Accumulated depreciation	(833,094)	(644,091)
	627,455	512,689
Computer equipment - at cost	998,835	816,046
Less: Accumulated depreciation	(806,006)	(586,456)
	192,829	229,590
Office equipment - at cost	374,187	337,767
Less: Accumulated depreciation	(346,309)	(299,515)
	27,878	38,252
	870,370	812,950

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

Consolidated	Leasehold improvements $	Plant and equipment $	Computer equipment $	Office equipment $	Total $
Balance at 1 July 2018	-	313,550	85,130	17,771	416,451
Additions	40,578	211,978	186,683	787	440,026
Additions through business combinations	-	92,544	13,568	25,807	131,919
Disposals	-	-	-	-	-
Depreciation expense	(8,159)	(105,383)	(55,791)	(6,113)	(175,446)
Balance at 30 June 2019	32,419	512,689	229,590	38,252	812,950
Additions	7,170	285,453	58,531	29,035	380,189
Additions through business combinations	-	-	-	-	-
Disposals	-	-	-	-	-
Exchange differences	709	11,209	3,548	835	16,301
Depreciation expense	(18,090)	(181,896)	(98,840)	(40,244)	(339,070)
Balance at 30 June 2020	22,208	627,455	192,829	27,878	870,370

Note 9. Non-current assets - intangibles

	Consolidated 2020 $	Consolidated 2019 $
Goodwill - at cost	1,474,209	1,468,663
Development - at cost	9,004,448	5,662,855
Less: Accumulated amortisation	(258,278)	(38,877)
	8,746,170	5,623,978
Intellectual property - at cost	21,144,299	21,296,726
	31,364,678	28,389,367

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

Consolidated	Goodwill $	Capitalised Development $	Intellectual property $	Total $
Balance at 1 July 2018	72,113	5,906,148	4,519,589	10,497,850
Additions	-	2,741,389	211,080	2,952,469
Additions through business combinations	1,396,550	-	16,579,307	17,975,857
Impairment of development costs capitalised	-	(2,529,946)	-	(2,529,946)
Exchange differences	-	-	(5,135)	(5,135)
Amortisation expense	-	(493,613)	(8,115)	(501,728)
Balance at 30 June 2019	1,468,663	5,623,978	21,296,726	28,389,367
Additions	-	3,341,593	126,545	3,518,971
Disposals	-	-	(188,180)	(188,180)
Exchange differences	5,546	-	12,708	18,254
Amortisation expense	-	(219,401)	(103,500)	(322,901)
Balance at 30 June 2020	1,474,209	8,746,170	21,144,299	31,364.678

Intellectual property relates to technology and patents held by the consolidated entity.

Note 9. Non-current assets - intangibles (continued)

Impairment of intangibles

Lumos operates as a single operating segment and cash generating unit being and Intangible assets with an indefinite useful life are assessed as a single cash generating unit being the point of care diagnostics cash generating unit.

The recoverable amount of the cash-generating unit is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections for the next five years. The cash flows are discounted using estimated discount rate based on Capital Asset Pricing Model adjusted to incorporate risks associated with the Point of Care Diagnostics segment.

Management has based the value-in-use calculations on five-year budget forecasts of the Point of Care Diagnostics business. Revenue has been projected on the below mentioned assumptions. Costs are calculated taking into account historical gross margins as well as estimated weighted inflation rates over the period which is consistent with inflation rates applicable to the locations in which the unit operates. Discount rates are post-tax and reflect risks associated with the Point of Care Diagnostics business.

The following assumptions were used in the value-in-use-calculations:

a. Revenue is premised based on the 2020 actual result, budget for 2021 and with a growth rate in years 2-5 of 15%. (2019: 15%) This is a conservative estimate in the future growth of the business.
b. Projected cash flows have been discounted using a post-tax discount rate of 12% (2019: 12%).
c. Gross profit margins are forecast to be in a range of 47% (2019: 47%).
d. An annual growth rate of 2.5% (2019: 2.5%) has been estimated in the calculation of terminal value.

Based on the above assumptions, the recoverable amount of the cash generating unit has been determined to exceed its carrying amount as at 30 June 2019 and accordingly; no impairment loss has been recognised.

Sensitivity to changes in assumptions

The impairment model is most sensitive to the following assumptions

- Gross Profit Margin Assumption;
- Discount Rate; and
- Revenue Forecasts Assumption.

No reasonable possible change in assumptions would result in an impairment charge being recognised.

Note 10. Current liabilities - trade and other payables

	Consolidated	
	2020	**2019**
	$	**$**
Trade payables	2,251,846	283,922
Related party payables	1,070,869	1,613,262
Other payables	1,233,436	1,014,438
	4,556,151	2,911,622

Refer to note 19 for further information on financial instruments.

Note 11. Current liabilities - Related party borrowings

	Consolidated 2020 $	Consolidated 2019 $
Loan payable to Planet Innovation Inc	-	3,617
Loan payable to Planet Innovation Products Pty Ltd	-	545
	-	4,162

Refer to note 19 for further information on financial instruments.

Loans are non-interest bearing and repayable at call.

Note 12. Current liabilities - lease liabilities

	Consolidated 2020 $	Consolidated 2019 $
Lease liability	1,254,899	-

Refer to note 19 for further information on financial instruments.

Note 13. Current liabilities - Deferred revenue

	Consolidated 2020 $	Consolidated 2019 $
Deferred revenue	663,953	1,556,947

	Consolidated 2020 $	Consolidated 2019 $
Opening Balance	1,556,947	864,913
Amounts billed in advance during the year	953,127	1,648,755
Transferred to revenue – performance obligations satisfied	(1,865,235)	(983,740)
Additions through business combinations	-	20,319
Exchange differences	19,114	6,700
	663,953	1,556,947

Note 14. Non-current liabilities - Convertible notes

	Consolidated 2020 $	Consolidated 2019 $
Convertible notes payable	-	14,847,774

Refer to note 19 for further information on financial instruments.

Note 14. Non-current liabilities - Convertible notes (continued)

On 30 November 2019 these convertible notes were converted into preference shares, as a result of the Series A investment round completed by Planet Innovation Holdings Limited.

Note 15. Non-current liabilities - lease liabilities

	Consolidated 2020 $	Consolidated 2019 $
Lease liability	4,700,262	-

Refer to note 19 for further information on financial instruments.

Note 16. Equity - issued capital

	Consolidated 2020 Shares	2019 Shares	2020 $	2019 $
Ordinary shares - fully paid	52,013,549	33,760,102	23,129,540	18,086,531
Preference shares - fully paid	114,789,970	-	27,548,693	-
	166,803,519	33,760,102	50,678,233	18,086,531

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2018	-		4,100,080
Cancellation of shares on incorporation of Lumos Diagnostics Holdings Pty Ltd	7 December 2018	-	$0.00	(4,100,080)
Issue of shares - incorporation	7 December 2018	1,000	$1.00	1,000
Issue of shares - share swap	5 February 2019	11,250,000	$0.00	-
Issue of shares - debt to equity conversion	27 March 2019	6,749,000	$2.07	13,992,904
Issue of shares - RPS acquisition	22 May 2019	15,760,102	$0.26	4,097,627
Capital raise costs		-	$0.00	(5,000)
Balance	30 June 2019	33,760,102		18,086,531
Issue of shares – RPS acquisition (refer Note 17)	30 November 2019	18,253,447	$0.28	5,043,009
Balance	30 June 2020	52,013,549		23,129,540

Movements in preference shares

Details	Date	Shares	Issue price	$
Balance	1 July 2018	-		-
Balance	30 June 2019	-		-
Issue of preference shares	30 November 2019	107,735,296	$0.24	25,548,691
Issue of preference shares	30 April 2020	7,054,674	$0.28	2,000,000
Balance	30 June 2020	114,789,970		27,548,691

Note 16. Equity - issued capital (continued)

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

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

Capital risk management
The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

Note 17. Equity - Reserves

	Consolidated	
	2020 $	2019 $
Foreign currency reserve	(5,497)	68,437
Share-based payments reserve (see Note 27)	1,467,444	-
Equity reserve*	-	5,043,011
	1,461,947	5,111,448

The Equity reserves relates to shares awaiting to be issued as part of the business combination completed in the prior period. As the shares have now been issued these amounts have been transferred to share capital.

Note 18. Equity - dividends

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

Note 19. Financial instruments

Financial risk management objectives
The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The combined entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity does not use derivative financial instruments or actively hedge financial positions.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

Note 19. Financial instruments (continued)

Market risk

Foreign currency risk
The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting. The consolidated entity is most exposed to fluctuations in the AUD to USD foreign exchange rate. Should this rate increase or decrease by 10% it would increase or decrease the loss after tax for the year by $351,412.

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets		Liabilities	
	2020	2019	2020	2019
Consolidated	$	$	$	$
US dollars	2,210,856	2,877,517	2,492,094	1,021,891
Euros	-	-	-	2,678
	2,210,856	2,877,517	2,492,094	1,024,569

Price risk
The consolidated entity is not exposed to any significant price risk.

Interest rate risk
In the current year the consolidated entity does not have any exposure to interest rate risk as the consolidated entity does not hold any debt obligations which stipulate a variable interest rate.

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 consolidated entity obtains guarantees where appropriate to mitigate credit risk. 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. The expected credit loss calculated by management is not expected to be material.

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.

Liquidity risk
Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Note 19. Financial instruments (continued)

Remaining contractual maturities
The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

30 June 2020	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-	2,251,846	-	-	-	2,251,846
Related party payables	-	1,070,869	- -	-	-	1,070,869
Other payables	-	1,233,436	-	-	-	1,233,436
Lease Liabilities	-	1,254,899	1,090,039	1,640,436	1,969,784	5.955.158
Interest-bearing - fixed rate						
Convertible notes payable	-	-	-	-	-	-
Total non-derivatives		5,811,050	1,090,039	1,640,436	1,969,784	10,511,309

30 June 2019	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-	283,922	-	-	-	283,922
Related party payables		1,613,262				1,613,262
Other payables	-	1,014,438	-	-	-	1,014,438
Interest-bearing - fixed rate						
Convertible notes payable	12.00%	14,847,774	-	-	-	14,847,774
Total non-derivatives		17,759,396	-	-	-	17,759,396

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

The consolidated entity did not have any material capital commitments as at 30 June 2020 (30 June 2019: nil).

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 20. Key management personnel disclosures

Directors
The following persons were directors of Lumos Diagnostics Holdings Pty Ltd during the financial year:

Samuel Lanyon
Benjamin Bergo
Robert Sambursky
Craig Mallitz

Note 20. Key management personnel disclosures (continued)

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

	Consolidated	
	2020	**2019**
	$	**$**
Short-term employee benefits	451,821	35,146
Post-employment benefits	12,402	964
Long-term benefits	889,927	-
	1,354,150	36,110

Samuel Lanyon is an executive director of Planet Innovation Holdings Limited (a shareholder of the company) and his salary and other benefits were paid by a Planet Innovation entity.

Ben Bergo is an employee of Planet Innovation, and his salary was paid by a Planet Innovation entity.

Craig Mallitz is an executive director of RPS Diagnostics, Inc. (a shareholder of the company) and his salary and other benefits were paid by that entity.

Note 21. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by the auditor of the company:

	Consolidated	
	2020	**2019**
	$	**$**
Audit services -		
Audit of the financial statements	20,000	16,000

Note 22. Related party transactions

Parent entity
Lumos Diagnostics Holdings Pty Ltd is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 24.

Key management personnel
Disclosures relating to key management personnel are set out in note 20.

Transactions with related parties
The consolidated entity receives a range of services from entities owned by its major shareholder, Planet Innovation Holdings Limited. The services are provided pursuant to a Master Services Agreement dated 1 April 2019 at cost or favourable commercial rates. The services provided include the following:
- research & development services
- secondment of staff and services related to project delivery for the consolidated entity's customers
- recovery of direct costs and overheads related to the consolidated entity's operations

Note 22. Related party transactions (continued)

Receivable from and payable to related parties
As at 30 June 2020 the consolidated entity had the following balances with the Planet Innovation Group:
- Accounts payable owing to the Planet Innovation Group $1,070,869 (2019: $1,613,262)
- Accounts receivable owed by the Planet Innovation Group $737,603 (2019: $1,273,401)

Loans to/from related parties
As at 30 June 2020 the consolidated entity had the following balance with the Planet Innovation Group:
- Convertible notes, including accrued interest, owing to Planet Innovation Holdings Limited $nil (2019: $10,199,553).
- Loan owing to the Planet Innovation Group $nil (2019: $4,162)

Note 23. Parent entity information

Financial information relating to the parent entity, Lumos Diagnostics Holdings Pty Ltd

	2020 $	**2019 $**
Current assets	48,542	2,533,529
Non-current assets	50,107,012	35,357,088
Total assets	**50,155,554**	**37,890,617**
Current liabilities	53,082	711,980
Non-current liabilities	-	14,847,774
Total liabilities	**53,082**	**15,559,754**
Net assets	**50,102,472**	**22,330,863**
	-	-
Contributed equity	50,678,235	18,086,533
Accumulated losses	(2,128,762))	(798,681)
Reserves	1,552,999	5,043,011
Total shareholders' equity	**50,102,472**	**22,330,863**
Loss of the parent entity	1,330,080	798,681
Total comprehensive income/(loss) of the parent entity	**1,244,525**	**798,681**

Lumos Diagnostics Holdings Pty Ltd was incorporated on 7th December 2018, and the accounts have been prepared based upon the accounting policies set out in Note 1.

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

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

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

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

Note 24. Interests in subsidiaries

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

Name	Principal place of business / Country of incorporation	Ownership interest 2020 %	Ownership interest 2019 %
Lumos Diagnostics Pty Ltd	Australia	100.0%	100.0%
Lumos Diagnostics IP Pty Ltd	Australia	100.0%	100.0%
Lumos Diagnostics, Inc.	USA	100.0%	100.0%
Rapid Pathogen Screening, Inc.	USA	100.0%	100.0%
Lumos Diagnostics (NL) B.V.	Netherlands	100.0%	-

Note 25. Events after the reporting period

Subsequent to 30 June 2020 the Consolidated entity completed an oversubscribed pre-IPO convertible note capital raise of $25.3 million in September 2020 as it prepares for a listing on the ASX in 2021.

The key terms of the convertible notes are:

- Unsecured pre-IPO convertible notes
- Term of 24 months
- Interest rate of 10% per annum
- Conversion to equity on IPO of $10m or more, trade sale or maturity
- Discount on conversion of 20%

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

Note 26. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated 2020 $	Consolidated 2019 $
Loss after income tax (expense)/benefit for the year	(13,447,041)	(6,545,849)
Adjustments for:		
Depreciation and amortisation	661,971	677,174
Impairment of intangibles	-	2,529,946
Foreign exchange differences	13,801	23,005
Inventory write downs (write back)	(182,167)	9,392
Bad debt expense	81,156	15,701
Share based payments	1,467,444	-
Clinical trial and development expense	5,283,913	-
Income tax benefit	(86,159)	(870,637)
Change in operating assets and liabilities:		
Increase in trade and other receivables	596,004	(1,636,625)
Increase in inventories	(717,875)	(59,905)
Decrease/(Increase) in accrued income	(38,795)	181,985
Decrease/(Increase) in other operating assets	(82,185)	43,727
(Increase) in deferred tax assets	(86,501)	-
Increase in trade and other payables	1,644,532	1,989,038
Increase in employee benefits	340,221	124,828
Increase/(Decrease) in deferred income	(892,994)	692,034
Decrease in related party loans	-	(1,496,403)
Net cash used in operating activities	(5,444,675)	(4,322,589)

Note 27. Share based payments

Lumos Diagnostics Holdings Pty Ltd ("Lumos")

During the 2020 financial year 23,223,781 (FY19: nil) options were issued to senior managers, directors and employees of Lumos.

Equity-settled transactions

The fair value of each option is estimated on the date of the grant using a Black-Scholes option formula, to take market conditions into consideration, with the following assumptions were used in the calculation:

Share price on date of issue	$0.28
Dividend yield on ordinary shares	0%
Exercise price	$0.28
Marketability discount	40%
Volatility	103%
Fair value of option issued	$0.14

Expected volatility is based on a benchmark for the company, using the ASX listed Business Support Services and Professional Information Services companies for the most recent 12 months, and is designed to be indicative of future trends, which may also not necessarily be the actual outcome.

The options were granted in six separate tranches between 12 August 2019 and 2 March 2020 and expire 7 years after the grant date. The following performance conditions exist with respect to the options:

Number of options	Grant date	Vesting conditions
6,989,552	12 August 2019	Immediate vesting
8,869,589	12 August 2019	Vest over 4 years in equal tranches based on continuous employment with Lumos.
5,534,916	12 August 2019	Vest based on individual participants performance, which the Directors expect will be achieved over a 4-year period.
274,458	4 November 2019	Vest based on performance of Lumos, which the Directors expect will be achieved over a 4-year period.
640,404	4 November 2019	Vest over 4 years in equal tranches based on continuous employment with Lumos.
274,458	2 March 2020	Vest based on performance of Lumos, which the Directors expect will be achieved over a 4-year period.
640,404	2 March 2020	Vest over 4 years in equal tranches based on continuous employment with Lumos.

Movements in the year

The following table illustrates the movements in options, during the year ended 30 June.

	30 June 2020 No.	**30 June 2019 No.**
Outstanding at the beginning of the year	-	-
Granted during the year	23,223,781	-
Forfeited during the year	-	-
Exercised during the year	-	-
Outstanding at the end of the year	23,223,781	-

A vesting charge for share based payments was recognised in the Statement of Profit or Loss and Other Comprehensive Income for $1,467,444 for the year ended 30 June 2020.

Lumos Diagnostics Holdings Pty Ltd
Directors' declaration
30 June 2020

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors

On behalf of the directors

Samuel Lanyon
Director

16 December 2020

Lumos Diagnostics Holdings Pty Ltd
Independent auditor's report to members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Lumos Diagnostics Holdings Pty Ltd (the Company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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 2020 and of its financial performance for the year ended on that date; 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2020, 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 we do not express any form of assurance conclusion thereon.

ACCOUNTANTS & ADVISORS
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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.

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 has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:

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

This description forms part of our independent auditor's report.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN: 59 116 151 136

A. A. Finnis
Director

Melbourne, 16 December 2020