KOLLAKORN CORPORATION LIMITED

ABN 41 003 218 862

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2020

Directors	Riad Tayeh Nicholas Aston Charles Hunting
Company secretary	Julian Rockett
Registered office	Level 12, 225 George Street SYDNEY NSW 2000
Principal place of business	Level 9, 65 York Street Sydney NSW 2000
Share register	Boardroom Pty Limited Level 12, 225 George Street Sydney NSW 2000
Auditor	RSM Australia Partners Level 13, 60 Castlereagh Street Sydney NSW 2000
Stock exchange listing	Kollakorn Corporation Limited shares are listed for quotation on the Australian Securities Exchange (ASX code: KKL)
Website	kollakorn.com
Corporate governance statement	https://www.kollakorn.com/investor relations

Letter from the chairman for the year ended 30 June 2020

On behalf of the Directors of Kollakorn Corporation Limited ("the Company"), I am pleased to advise you of your Company's activities for the year ending 30 June 2020 as set out in detail in this report and the CEO's review.

2020 has been a demanding year for our Company. This was to be the year that our efforts and commitment to Waste Conversion in the local Australian Market would gather pace. The year that we would commence the process of commercialisation of CertainID. The year that our hard-earned efforts in creating opportunities for our Tamper Evident Break on Removal RFID Tag business in an extremely competitive market would see results.

Kollakorn, as with the rest of Australia and the world, has had its plans dramatically impacted by COVID-19. To add further pressure to our business, the ASX suspended the trading of Kollakorn securities in September 2019. Our CEO will explain the history of and the impact on our business of these events in his report.

The Board remains steadfast that our strategy for Waste Conversion will begin to show results late in 2020, early 2021. The Board also remains confident that we will complete the commercialisation of CertainID, and commence Malaysian Tag sales, in the coming financial year 2021.

We always knew that our strategy would not take shape overnight and that it would require significant effort from ourselves and our partners. We did not foresee the twin threats of COVID-19 and the trading suspension. Kollakorn has suffered more significant risks in its history, and the Board is committed and confident that we are emerging successfully from this current challenge.

I want to thank my Board for all of the hard work during this year, and I thank shareholders for their ongoing support.

Kollakorn Corporation Limited

Mr Riad Tayeh
Non-executive chairman

Overview

Revenue	Up	113.2%	to	26,896
Loss for the year	Down	10.1%	to	3,769,742
Net tangible assets per share (cents)	Down	75.9%	to	(2.11)

Financial Results

Operating revenue this financial year increased by 113.2% to $26,896 (2019: $12,615).

Expenses reduced by 8.76% to $4,110,701 (2019: $4,505,378) with the single largest contributor being research and development of $3,344,162.

Net loss from ordinary activities was down 10.1% to $3,769,742 (2019: $4,195,099).

Operations:

Like many ASX listed companies, 2020 has been a challenging year for Kollakorn. The combined impact of COVID-19 and the effects of the suspension of trading of Kollakorn shares by the ASX has impacted our ability to effectively build, support and develop our existing Tag business, our CertainID technology and our Waste Conversion strategy.

We have continued to pursue our strategy around Waste Conversion and to have the current trading suspension on Kollakorn securities lifted by ASX. Trading in the securities of Kollakorn was paused temporarily on 2 September 2019. They were later suspended from quotation under listing rule 17.3, pending enquiries by ASX into the opinions from the auditors of Kollakorn's 2019 accounts.

Company Executives are vigorously pursuing the lifting of the current trading suspension and have continued briefing legal counsel and preparing plans for the actions required to lift the trading suspension.

COVID-19:

COVID-19 has impacted most businesses. Whilst the full effects may be very significant, the impact on Kollakorn cannot be fully estimated or quantified at this time. Shutdowns in Asia had an immediate impact on our potential Malaysian and Myanmar tag opportunities, which are only now being lifted. This will enable our programs to continue their development. However, the Directors are cognisant to the fact this may change at short notice.

The impact on Kollakorn was felt most acutely within our tag opportunities, where progress was halted entirely for several months at its most crucial point of development. Despite this, the Directors have been very active in managing our tag relationships during the COVID-19 shutdown in each of the relevant countries. Directors remain confident that progress will resume once restrictions lift throughout the region.

The ASX's actions pertaining to the current trading suspension has also impacted our ability to progress these opportunities, and in particular, it has delayed the commencement of our Waste Conversion Pre FEED activities.

Waste Conversion:

As explained to shareholders in our Half Yearly Report issued on 8 July 2020, our focus continues to be on establishing the foundations of our Waste Conversion Strategy. The Directors are continuing their work with BioCarbon Fuels Limited (BCF) to position BCF's cutting-edge technologies in Waste Conversion, in order to take advantage of the waste streams available in Australia.

BCF's patented Waste Conversion technology (for which we have an exclusive right in Australia and first right of refusal in Asia) is a process that takes all waste streams from Municipal Solid Waste (metals, wood, tires, plastics, foodstuffs, green waste, construction debris, sewage sludge, etc.) and converts them into an engineered fuel feedstock that provides clean, renewable energy to any gasification or pyrolysis processes, or the generation of remanufactured products.

Throughout this year, the Directors have continued our program for R&D support to develop the most efficient energy from waste technology specifically for Australian conditions, including the addition of biomass to the feedstock and the production of hydrogen.

As previously outlined to Shareholders, the Directors have identified world-class partners, especially for the engineering design and construction.

The Directors have also identified the location for Kollakorn's first Australian facility, and it remains the intention of the Directors to commence Pre-FEED engineering works as soon as possible after the trading suspension is lifted on Kollakorn Securities and to then formally announce details of our programs to the market.

In February 2020, the Directors placed a halt on our specific R&D activities for waste disposal that had been underway since August 2019 whilst the Directors focused on working through the outstanding issues with the ASX. However, this decision did not slow the commitment to developing an overall Waste Strategy and business model.

Throughout this period, the Directors have continued to develop relationships with waste feedstock providers and end product off-take providers. The Directors have also spent considerable time reviewing Kollakorn's overall go to market strategy and refining the most efficient way to bring the technology to market.

The Directors intend to maximise revenue through the immediate use of our Re-engineered Fuel and use this process as a building block for further development of Kollakorn's renewable energy off-takes. This approach has been taken to more sensibly manage funds and provide immediate growth for the business.

The Directors remain confident that there are growth opportunities in Waste Conversion and sustainable building infrastructure and. Efforts have been concentrated on Waste Conversion opportunities in Australia, where the current environment supports our strategy. As we develop our technical capability and business development capacity in Australia, we will extend that focus back to Asia Pacific Markets.

CertainID:

During the financial year, the Directors continued to work to progress the development of CertainID. In the later months of 2019, the CEO travelled to Singapore to meet with Infinity Optics Pte Ltd to continue to develop the joint go-to-market approach.

This meeting followed on from the initial product R & D work with CSIRO/Data61. It was focused on the next stage in Kollakorn's development to bring CertainID to a higher Technology Readiness Level prior to the commercialisation of applications for financial transactions, records management, building access control, facilities management and other device and network-based transactions.

In late 2019 the Company applied to be part of a project undertaken by the Australian Cyber Security Growth Network (AustCyber), which is part of the Federal Governments cybersecurity strategy. While CertainID made it through to the final rounds of the programme, it was ultimately unsuccessful.

Kollakorn's technology and strategic plans met most of the selection criteria; however, whilst successfully making it to the last decision-making stage of the programme, Kollakorn was not able to meet all of AustCyber merit criteria. Feedback from AustCyber about CertainID was, however very positive and supportive. Subsequently, AustCyber invited Kollakorn to join a virtual program supported by Deloitte to assist companies in identifying and developing opportunities in the cybersecurity environment. This opportunity has led to the establishment of relationships with complementary emerging technologies that Directors' believe will create opportunities for CertainID in the future.

The industry remains supportive of CertainID, and the Directors will continue to pursue other appropriate avenues for its commercialisation.

Break on Removal Tags:

An existing US-based customer placed an ongoing order for tags early in the financial year, providing valuable revenue to the Company. Before the outbreak of COVID-19, there was positive progress in Malaysia. Our Malaysian partner has advised that meetings between our partner and the customer in Malaysia have continued positively despite COVID-19. We have provided our partner with sample tags for initial testing, and received positive feedback, pending a more substantial trial. The CEO travelled to Malaysia to meet with our partner, and we have continued to maintain regular communication with our partner to ensure our tag meets the Malaysian specifications. The terms of any sale of tags has been agreed in principle pending confirmation of approval for a pilot and then a more substantial rollout.

Unfortunately, during the early stages of COVID-19, all activities in Malaysia shut down, placing the project on hold. In late June the testing recommenced, and further modifications were made to the tag following on-site testing in Malaysia. These final tests were successful, and we are currently progressing the process of being registered as an "Official Supplier" to the Malaysian customer. Once registered as an Official Supplier, then a pilot of approximately 100,000 tags will be undertaken. The Directors remain confident that we will shortly see a successful outcome for the efforts made in gaining this opportunity.

The Government of Myanmar has, after a 12-month delay, chosen their technical consultant for the development of a tender process for the rollout of a tagging solution for Myanmar. Kollakorn reengaged with our Myanmar partner and with Kollakorn Co. Ltd (Kollakorn Thailand) to progress the development of our solution to the Government throughout 2020. Whilst the Company did not expect any significant developments until the second half of 2020, all progress on this project completely stopped in March because of COVID-19.

In addition to Malaysia and Myanmar, a further opportunity has arisen for the use of our tags in New Brunswick, Canada. Fruitful initial discussions occurred in March 2020; however, progress was halted by the impact of COVID-19.

Patents:

Throughout the year, the Directors have continued to manage Kollakorn's portfolio of patents. Kollakorn's IP remains critical, and we continue to protect our patents in the marketplace vigorously. We have continued to delete patents from the portfolio that are no longer relevant or viable and maintain those specifically pertinent to CertainID and our Break on Removal tamper-evident tags.

Cash Flow:

Cash flow continues to be managed carefully. We have been able to support the funding of development work for CertainID and Waste Conversion through R&D programs and a share placement that occurred in August/September 2019. This capital raising specifically supported the ongoing development of these two projects.

The Directors are also satisfied with the reasonableness of the trade payables current/non-current split. We can confirm that amounts included in our accounts as non-current items have been given an unconditional right by the specific creditors to allow the Company to defer settlement for at least 12 months after 31 December 2019. It should, however, be noted that specific creditors are also payable on the successful financing of our Waste Conversion and CertainID Projects as highlighted in the accounts.

Background to the Suspension of Trading:

On Monday 2 September 2019, Directors released Appendix 4E Preliminary Final Report to the Market, stating that the final 2019 accounts were likely to contain a modified opinion. As a result, the ASX immediately informed Kollakorn that in their view pending release of the auditor's report and the persistent modified opinions of the accounts of Kollakorn over the last several years would result in ASX suspending Kollakorn securities from quotation and that Kollakorn securities would remain suspended until ASX's enquires had been satisfactorily concluded.

An announcement was made by the Directors on the same day explaining that it was likely that the independent audit report would contain a qualification in respect of the assessment for impairment of goodwill and financial assets carried at fair value due to insufficient appropriate audit evidence being available and that it was also likely to contain added emphasis concerning material uncertainty related to going concern.

The Directors arranged to meet with ASX on 5 September 2019 to clarify these issues. At that meeting, the Directors outlined the reasons for the modified opinion. The ASX did not find these reasons acceptable and informed the Company that the trading pause would not be lifted until the final audit had been completed.

The final audited Annual Report to Shareholders was released on 23 October 2019, and the Directors immediately requested a timeframe from ASX for when the pause would be lifted. The ASX responded that they would review the accounts which could take up to 10 business days. On 12 November 2019, the Company received a query letter from ASX with multiple questions requiring detailed responses to be submitted by 2 December 2019. Answers to the questions were submitted by Kollakorn on 27 November 2019.

The Directors indicated that in the answers submitted on 27 November 2019 references were made to several confidential and commercially sensitive issues that could not at that time be released to the Market and provided an explanation as to why this was the case. The ASX informed the Directors that the Kollakorn response letter would be released to the Market, along with the ASX's query letter and that therefore the Directors would need to clarify the information contained in the response letter to make it suitable for release to the Market. This required the creation of two documents – one for the ASX and a modified version for release to the Market. The redacted response letter with the original response letter was resubmitted to the ASX on 3 December 2019.

On 6 December 2019, the ASX sent the Directors a long set of follow up questions generated from Kollakorn's initial response letter, plus an additional list of detailed questions that they had about the activities of the Company. All questions were responded to on 18 December 2019. The ASX sent a further list of detailed questions on 30 December 2019. All questions were responded to on 10 February 2020. This did not satisfy the ASX who sent a set of further questions received by the Directors on 17 February 2019. Again, the Directors responded to these additional questions on 24 February 2020 with the response letter published by ASX on 25 February 2020. On publication of Kollakorn's last letter of response the ASX informed the Directors that once the response letter was published, there would be further questions which would be submitted to the Directors later. The Directors are yet to receive any follow-up questions as foreshadowed by the ASX.

In the final set of questions sent to the Directors by ASX on 17 February 2020, the Directors were made aware by the ASX that several share issues between December 2016 and November 2017 appeared to have been made without disclosure documents (Placements) and that the shares from these Placements had been subsequently traded in contravention of the ASX regulations requiring that placements of a company's shares could not be traded if the company's shares had been suspended for more than five trading days in the 12 months prior to the placements (Secondary Trading Restrictions).

The Company identified that in respect to one of the Placements made in May 2017, the relevant shares were on-sold within 12 months contrary to the Secondary Trading Restrictions. The Directors have undertaken to rectify the breaches by lodging a prospectus to cleanse all shares issued under these Placements so that subsequent trading is not subject to the secondary trading restrictions under the Act.

Once the cleansing prospectus has been lodged, the Directors will file an application with the Federal Court of Australia seeking declaratory relief and ancillary orders relating to prior trading in Kollakorn's shares, so that the sales before the issue of the cleansing prospectus will be validated and will not attract any civil liability.

Since becoming aware of this situation, the Directors have engaged legal counsel and commenced the process of developing the prospectus and the associated Federal Court application. The Directors intend to have this matter resolved by the end of September 2020, pending the availability of a hearing in the Federal Court. The Directors' believe that there are reasonable grounds that the Federal Court will make the validating orders.

Since providing our response letter in February 2020, we have consulted with ASX and requested advice and guidance to support the lifting of the suspension. Kollakorn's shares remain suspended pending ASX's review of Kollakorn's 24 February 2020 response letter and a satisfactory response by the ASX to the issues raised in their 17 February 2020 letter to the Directors.

Kollakorn Corporation Limited

Mr David Matthews
Chief Executive Officer

The directors present their report, together with the financial statements, on the Company and its controlled entities ("the Group") for the year ended 30 June 2020.

1. Directors

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

Riad Tayeh
Nicholas Aston
Charles Hunting

Riad Tayeh
Non-executive chairman
B. Econ., CA

Riad was appointed as a non-executive director on 23 March 2009. He was later appointed as non-executive chairman on 5 February 2015. He is the current chairman of the Company's Remuneration Committee and a member of the Company's Audit Committee. Riad began his career at Coopers & Lybrand, moving to Ferrier Hodgson Sydney, and then Ferrier Hodgson Hong Kong. For ten years he specialised in corporate restructure, financial investigation, and turnaround strategy. In the Hong Kong market Riad restructured listed companies, undertook fraud investigations, and provided litigation support. Riad is a Fellow of Chartered Accountants Australian and New Zealand.

Riad has assisted various companies in restructuring, equity raisings, building and acquiring businesses, and exit strategies. He joined Antony de Vries in partnership in February 2002, bringing considerable commercial acumen in the formation of de Vries Tayeh.

Riad also undertakes a number of appointments for not for profit organisations. He has been president and chairman of the Turnaround Management Association of Australia, and continues on various committees including various charity committees.

Former directorships of listed companies in the last 3 years: None.

Nicholas Aston
Non-executive director
B.Bus., CA

Nick was appointed a non-executive director on 15 July 2013, is the current chairman of the Company's Audit Committee and is a member of the Remuneration Committee. Nick is a Chartered Accountant and a founding director of Brentnalls NSW Pty Ltd, a Chartered Accountancy firm based in Sydney.

He has over 25 year's tax and business services experience across a broad range of clients. Nick was a founding director and member of the Self-Managed Superannuation Professionals Association of Australia, and is the current chair of their Audit and Risk Committee.

Nick's other roles have also included chair of the Brentnalls National Accounting Affiliation together with directorships and company secretarial roles for several successful Australian companies and industry associations.

Former directorships of listed companies in the last 3 years: None.

Charles Hunting
Non-executive director
B.Info Tech

Charles was appointed a non-executive director on 10 February 2015. He has more than 20 years of management, executive and director experience across the Asia Pacific region. He has previously filled the role of managing director or chief executive officer for the regional business of a number of listed global multinationals and most recently has founded a number of exciting ventures in the region. Charles is an advisor to companies in the achievement of transformational change and creating companies to take advantage of technology and innovation.

Charles currently serves as the executive chairman or chairman in these ventures including Infitecs, Lan Tian and Tailors Mark.

Former directorships of listed companies in the last 3 years: None.

2. Senior management

David Matthews
Chief executive officer
B.Bus

David was appointed to the board as chief executive officer on 1 June 2016. David has over 20 years' experience across leadership roles in Business Process Outsourcing (BPO), delivery, business consulting and shared services across Asia Pacific. During that time David lived for many years in Asia, firstly in China and then in Singapore and understands the Asian culture well.

David was previously 3 years with IBM Australia Ltd and held the position of General Manager, Global Process Services for Australia and New Zealand. Prior to joining IBM, David was with Accenture for 14 years. While at Accenture, David led Accenture's BPO business in South East Asia and Korea and had functional accountability across Accenture's Communications and High Tech Industry Portfolio in Asia Pacific.

During his career, David has overseen some of the most complex BPO and Shared Services implementations and has deep experience in solution planning, implementation and delivery of complex Shared Services and Outsourced Operations with global clients and across multiple geographies. David has also held management roles in the Mining, Chemicals and FMCG industries, and has significant industry HR strategic, tactical and operational experience.

Former directorships of listed companies in the last 3 years: None

3. Company secretary

Mr. Julian Rockett Appointed 14 July 2020
B.Arts, LL.B

Julian was appointed on 14 July 2020. He is an experienced Corporate Lawyer and Company Secretary. His corporate legal background includes advising on IPOs, M&A, RTOs and substantial capital raising for a number of ASX listed companies. His broad corporate secretarial experience includes advising twenty (20) ASX listed companies in sectors such as SaaS, commercial property, artificial intelligence, medical technology, logistics, equity, exploration, resources, mining, building, energy, food and media.

Tom Bloomfield Resigned 14 July 2020
BA (hons), ACIS, MAICD

Tom was appointed on 8 July 2011. He is an experienced Chartered Company Secretary and Member of the Australian Institute of Company Directors. He has acted as a Company Secretary and Assistant Company Secretary to various ASX listed clients in Australia. Tom is the General Manager of Corporate Secretarial services at Boardroom Limited, Australia.

4. Principal activities

The principal activities of the Group during the year consisted of the development, marketing and commercialisation of security oriented identification, authentication and information storage technologies, and Sustainable Building Infrastructure and Waste to Energy technologies.

5. Dividends

No dividends were paid or provided for during the year ended 30 June 2020. The directors do not recommend the payment of a dividend.

6. Review of operations

Total revenue from ordinary activities for the year ending 30 June 2020 increased by 113.2% to $26,896. The net loss decreased by 10.1% to $3,769,742 (2019: $4,195,099). Further detail is provided in the chief executive officer's report.

We continued to develop our fundamentals of our Waste Conversion offering with specific opportunities provided by the Australian market.

We continued to monitor our opportunities throughout South East Asia and elsewhere relating to our tamper evident break on removal RFID tag business.

Throughout the year the Company continued its focus on managing the business to manage operational costs.

7. Significant changes in the state of affairs

There were no significant changes to the state of affairs of the Group during the year.

8. Matters subsequent to the end of the year

The following matters or circumstances have arisen since 30 June 2020 that have significantly affected or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years:

Whilst the impact of the Coronavirus (COVID-19) pandemic is ongoing, the Board holds that the effect of COVID-19 is a non-adjusting subsequent event. Whilst the full effects of COVID-19 may be very significant, the impact on Kollakorn cannot be estimated or quantified at this time. The Board has been informed that shutdown in Asia will have immediate effect on our potential Malaysian and Myanmar opportunities; however, the Board has no further information on when restrictions will be lifted to enable the programs to continue their development. The Company's actions to have the current trading suspension lifted are also impacted by our inability to progress these opportunities, which has also delayed the commencement of our Waste Conversion Pre FEED activities. The Company as such is exploring all avenues to support commencing this activity.

9. Likely developments and expected results of operations

Disclosure of information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated entity. Accordingly, this information has not been disclosed in this report.

10. Environmental regulation

The Group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

11. Meetings of Directors

The number of meetings of the Company's board of directors, and of each committee of the board, held during the year ended 30 June 2020, and the total number of meetings attended by each member were:

	Full board		Remuneration committee		Audit committee	
	Held	**Attended**	**Held**	**Attended**	**Held**	**Attended**
Riad Tayeh	11	11	1	1	2	2
Nicholas Aston	11	11	1	1	2	2
Charles Hunting	11	11	-	-	-	-

Held: represents the number of meetings held during the time the relevant person was a member of the board or board committee.

12. Shares under option

No shares were issued on exercise of options during the year ended 30 June 2020, and up to the date of this report.

13. Indemnity and insurance of officers and auditors

Since the end of the year the Company has not indemnified or made a relevant agreement to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor. In addition, the Company has not paid, or agreed to pay, a premium in respect of a contract insuring against a liability incurred by an officer or auditor of the Company.

14. Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Law comprising the Corporations Act 2001 and the Corporations Regulations 2001.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company and the Group, either directly or indirectly, including all directors.

Principals used to determine the nature and amount of remuneration

The directors formed a Remuneration Committee in July 2009. The committee was convened during the year only as required to review specific agreements relating to key executives and management during the year. The Directors' retain responsibility for determining and reviewing compensation arrangements for the directors, the chief executive officer, and the senior management team. The directors' assess the appropriateness of the nature and amount of remuneration of Directors and senior management on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team.

(a) Non-executive directors

The Board seeks to set aggregate remuneration at a level which provides the Group with the ability to attract and retain directors of the highest calibre, while incurring a cost which is acceptable to shareholders. The Board considers fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Non-executive directors' fees are within the maximum aggregate limit of $300,000 per annum as agreed to by shareholders at the Annual General Meeting held on 27 November 2009.

Non-executive directors do not receive performance based bonuses, however given the relatively low director's fees paid in cash the board believes that the issue of share options to non-executive directors on occasion more accurately reflects the time and responsibilities of office.

As at the date of this report the non-executive chairman receives $60,000 per annum, and other non-executive directors receive $40,000 per annum.

(b) Chief executive officer and other senior management

The consolidated entity aims to reward executives with a level and mix of remuneration commensurate with their positions and responsibilities and so as to:

- reward executives for Group and executive performance;
- align the interests of executives with those of shareholders;
- link rewards with the strategic goals and performance of the Group; and
- ensure total remuneration is competitive by market standards.

Remuneration consists of the following key elements:

- fixed remuneration; and
- performance based remuneration.

The proportion of fixed remuneration and performance-based remuneration is established by contract and provides for annual review by the Board of Directors. The level of fixed remuneration, which includes base salary and statutory superannuation, is set so as to provide a base level of remuneration which is both appropriate to the position and competitive in the market. Fixed remuneration is reviewed in accordance with contract terms by the Board of Directors. The process consists of a review of companywide and individual performance, relevant comparative remuneration in the market and, where appropriate, external advice on policies and practices.

(c) Group performance and link to remuneration

The emphasis of the Group's performance based remuneration strategy is to align the goals of management with those of shareholders whilst taking into account the Group's current financial circumstances. It is the view of the Board that the most effective way to align management and shareholder goals is through the provision of share option incentives that correlate contingent remuneration to increases in shareholder value. The extent and conditions regarding these incentives are determined by the Board on an annual basis with regard to the Group's strategic and financial goals, and market benchmarks.

In considering the Group's performance and benefits for shareholder wealth, the Board has regard for a number of performance measures, including the following.

	2020	**2019**	2018	2017	2016	2015
	$	**$**	$	$	$	$
Revenue	**355,363**	**310,279**	72,067	200,505	220,098	280,924
Net loss before tax	**(3,769,742)**	**(4,195,099)**	(2,646,618)	(1,327,159)	(651,306)	(644,708)
Net loss after tax	**(3,769,742)**	**(4,195,099)**	(2,646,618)	(1,327,159)	(651,306)	(644,708)
Share price at start of year	**0.12 cents**	**0.09 cents**	0.5 cents	0.8 cents	0.6 cents	0.3 cents
Share price at end of year	**0.02 cents**	**0.12 cents**	0.09 cents	0.5 cents	0.8 cents	0.6 cents
Interim dividend	**-**	**-**	-	-	-	-
Final dividend	**-**	**-**	-	-	-	-
Basic earnings per share	**(1.59) cents**	**(2.00) cents**	(1.41) cents	(0.13) cents	(0.07) cents	(0.07) cents
Diluted earnings per share	**(1.59) cents**	**(2.00) cents**	(1.41) cents	(0.13) cents	(0.07) cents	(0.07) cents

Details of remuneration

The key management personnel of the Group consisted of the following directors of the Company:

- Riad Tayeh;
- Nicholas Aston; and
- Charles Hunting;

and the following persons:

- David Matthews

2020	**Short-term benefits Cash salary and fees $**	**Cash bonus $**	**Non-monetary $**	**Post-employment benefits Superannuation $**	**Long-term benefits Long service leave $**	**Share-based payments Equity settled shares $**	**Equity settled options $**	**Total $**
Non-executive directors								
Riad Tayeh	**60,000**	**-**	**-**	**-**	**-**	**-**	**-**	**60,000**
Nicholas Aston	**36,665**	**-**	**-**	**-**	**-**	**-**	**-**	**36,665**
Charles Hunting	**40,000**	**-**	**-**	**-**	**-**	**-**	**-**	**40,000**
Executive officers								
David Matthews	**360,000**	**-**	**-**	**-**	**-**	**-**	**-**	**360,000**
Total	**496,665**	**-**	**-**	**-**	**-**	**-**	**-**	**496,665**
2019								
Non-executive directors								
Riad Tayeh	60,000	-	-	-	-	-	-	60,000
Namchoke Somapa (to 30 August)	40,000	-	-	-	-	-	-	40,000
Nicholas Aston	40,000	-	-	-	-	-	-	40,000
Charles Hunting								
Executive officers	360,000	-	-	-	-	100,000	-	460,000
David Matthews*								
Total	500,000	-	-	-	-	100,000		600,000

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed remuneration		**At risk - Short Term Incentive**		**At risk - Long Term Incentive**	
	2020	2019	**2020**	2019	**2020**	2019
	%	%	**%**	%	**%**	%
Non-executive directors						
Riad Tayeh	**100**	100	**-**	-	**-**	-
Nicholas Aston	**100**	100	**-**	-	**-**	-
Charles Hunting	**100**	100	**-**	-	**-**	-
Executive officers						
David Matthews	**100**	100	**-**	-	**-**	-

Bonuses are dependent on achieving pre-defined key performance indicators ("KPIs"). The amount of the bonus is determined having regard to the satisfaction of said KPIs with the maximum bonus amount reviewed annually by the Remuneration Committee. Bonuses may be settled either in cash or ordinary shares of the Company.

The percentage of cash bonus payable or forfeited is as follows:

	Cash bonus payable		**Cash bonus forfeited**	
	2020	2019	**2020**	2019
	%	%	**%**	%
Executive officers				
David Matthews	**-**	-	**-**	-

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name	David Matthews
Title	Chief executive officer
Date commenced	1 June 2016
Term of agreement	1 year, and then ongoing
Details	Base salary for the year ending 30 June 2020 of $360,000. David is also eligible for a further bonus of $150,000 (from 1 October 2019) upon attainment of pre-defined KPIs to be paid in cash or ordinary shares of the Company. The notice period is 1 month by David for termination of the contract, otherwise on expiry of the term without the need for either party to give notice or make any payment in lieu of notice.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

	Date	**Shares**	**Issue price $ / share**	**Total $**
Executive officers				
David Matthews	-	-	-	-

No options were granted over ordinary shares during the year as part of compensation of the directors and other key management personnel.

Director shares and options

The number of shares in the Company, options over shares and convertible notes held during the year by each director and other member of key management personnel of the Group, including their personally related entities, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals / other	Balance at the end of the year
Ordinary shares					
Riad Tayeh	1,461,008	-	-	-	1,461,008
Nicholas Aston	11,399,766	-	-	-	11,399,766
Charles Hunting	1,283,331	-	-	-	1,283,331
David Matthews	17,342,112	-	-	-	17,342,112
Total	31,486,217	-	-	-	31,486,217

	Balance at the start of the year	Granted as part of compensation	Exercised	Expired / forfeited	Balance at the end of the year
Options over ordinary shares					
Riad Tayeh	75,000	-	-	75,000	-
Nicholas Aston	1,500,000	-	-	1,500,000	-
Charles Hunting	-	-	-	-	-
David Matthews	-	-	-	-	-
Total	1,575,000	-	-	1,575,000	-

Other transactions with key management personnel and their related entities

During the year, the following other transactions occurred with key management personnel and their related entities.

	2020 **$**	2019 $
Payment for goods and services		
Accounting services from Brentnalls NSW Pty Ltd (Director related entity, Nicholas Aston)	**134,658**	144,000
Research & Development from Triangul8 Pty Ltd (Director related entity, Charles Hunting)	**-**	-
Current payables		
Brentnalls NSW Pty Ltd (Director related entity, Nicholas Aston)	**610,121**	421,666
Charles Hunting (Director)	**229,439**	185,441
David Matthews (Chief Executive Officer)	**1,113,514**	685,456
De Vries Tayeh (Director related entity, Riad Tayeh)	**203,500**	137,500

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.

Non-audit services

No non-audit services were provided during the financial year by the auditor.

Officers of the company who are former partners of RSM Australia Partners

There are no officers of the company who are former partners of RSM Australia Partners.

Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

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.

Auditor

RSM Australia Partners continues in office in accordance with section 327 of the Corporations Act 2001.

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

Mr Riad Tayeh
Director

19 November 2020
Sydney

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Kollakorn Corporation Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

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

RSM

RSM AUSTRALIA PARTNERS

GNS

G N SHERWOOD
Partner

Sydney, NSW
Dated: 19 November 2020

	Note	2020 $	2019 $
Revenue	5	**26,896**	12,615
Less cost of goods sold		**(14,404)**	-
Gross profit		**12,492**	12,615
Other revenue	5	**328,467**	297,664
Expenses by function			
Administration		**(725,939)**	(1,066,098)
Amortisation of intangible assets		**(295)**	(56)
Finance costs		**(41,064)**	(68,921)
Foreign exchange gain/(losses)		**759**	(1,409)
Research and development		**(3,344,162)**	(416,432)
Share of loss from associates		**-**	(123,458)
Net fair value loss on financial assets		**-**	(2,829,004)
Loss for the year before income tax	6	**(3,769,742)**	(4,195,099)
Income tax benefit		-	-
Loss for the year		**(3,769,742)**	(4,195,099)
Other comprehensive (loss)/income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations, net of tax		**(9,845)**	2,138
Other comprehensive (loss)/income for the year, net of tax		**(9,845)**	2,138
Total comprehensive loss for the year		**(3,779,587)**	(4,192,961)
Loss for the year is attributable to:			
Non-controlling interest		-	-
Members of the Company		**(3,769,742)**	(4,195,099)
		(3,769,742)	(4,195,099)
Total comprehensive loss for the year is attributable to:			
Non-controlling interest		-	-
Members of the Company		**(3,779,587)**	(4,192,961)
		(3,779,587)	(4,192,961)
Earnings per share		**Cents**	Cents
Basic earnings per share	28	**(1.59)**	(2.00)
Diluted earnings per share	28	**(1.59)**	(2.00)

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

	Note	2020 $	2019 $
Current assets			
Cash and cash equivalents	**8**	**148,483**	9,558
Trade and other receivables	**9**	**40,401**	122,106
Other current assets		**22,439**	96,585
Total current assets		**211,323**	228,249
Non-current assets			
Intangible assets	**10**	**2,106,622**	2,106,622
Investment in associates	**11**	**-**	-
Financial assets at fair value	**12**	**1,500,000**	1,500,000
Plant and equipment		**-**	295
Total non-current assets		**3,606,622**	3,606,917
Total assets		**3,817,945**	3,835,166
Current liabilities			
Trade and other payables	**13**	**207,737**	973,116
Employee benefits	**14**	**-**	100,505
Borrowings	**15**	**-**	126,000
Total current liabilities		**207,737**	1,199,621
Non-current liabilities			
Trade and other payables	**13**	**6,507,518**	2,053,268
Total non-current liabilities		**6,507,518**	2,053,268
Total liabilities		**6,715,255**	3,252,889
Net (liabilities)/assets		**(2,897,310)**	582,277
Equity			
Issued capital	**16**	**57,037,351**	56,737,351
Reserves	**17**	**1,952,766**	1,962,611
Accumulated losses		**(61,887,427)**	(58,117,685)
Total equity		**(2,897,310)**	582,277

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

Kollakorn Corporation Limited
Consolidated Statement of changes in equity
For the year ended 30 June 2020

	Fully paid ordinary shares $	Equity-settled employee benefits reserve $	Foreign currency translation reserve $	Options reserve $	Accumulated losses $	Total equity $
Consolidated						
Balance at 1 July 2018	56,512,351	2,143,630	(304,933)	121,776	(53,922,586)	4,550,238
Loss for the year	-	-	-	-	(4,195,099)	(4,195,099)
Other comprehensive income/(loss)or the year, net of tax	-	-	2,138	-	-	2,138
Total comprehensive income/(loss) for the year	-	-	2,138	-	(4,195,099)	(4,192,961)
Transactions with owners in their capacity as owners						
Issue of shares and options	225,000	-	-	-	-	225,000
Balance at 30 June 2019	56,737,351	2,143,630	(302,795)	121,776	(58,117,685)	582,277
Consolidated						
Balance at 1 July 2019	**56,737,351**	**2,143,630**	**(302,795)**	**121,776**	**(58,117,685)**	**582,277**
Loss for the year	**-**	**-**	**-**	**-**	**(3,769,742)**	**(3,769,742)**
Other comprehensive gain/(loss) for the year, net of tax	**-**	**-**	**(9,845)**	**-**	**-**	**(9,845)**
Total comprehensive gain/(loss) for the year	**-**	**-**	**(9,845)**	**-**	**(3,769,742)**	**(3,779,587)**
Transactions with owners in their capacity as owners						
Issue of shares and options	**300,000**	**-**	**-**	**-**	**-**	**300,000**
Balance at 30 June 2020	**57,037,351**	**2,143,630**	**(312,640)**	**121,776**	**(61,887,427)**	**(2,897,310)**

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

	Note	2020 $	2019 $
Cash flows from operating activities			
Receipts from customers		26,896	12,615
Payments to suppliers and employees		(384,026)	(201,913)
Receipts from other operating activities		381,557	-
Interest and other costs of finance paid		(41,064)	(68,921)
Net cash used in operating activities	26	(16,637)	(258,219)
Cash flows from investing activities			
Interest received		72	20
Net cash provided by investing activities		72	20
Cash flows from financing activities			
Proceeds from issue of shares and options		300,000	125,000
Repayment of borrowings		(146,000)	-
Proceeds from borrowings		-	126,000
Net cash provided by financing activities		154,000	251,000
Net increase/(decrease) in cash and cash equivalents		137,435	(7,199)
Cash and cash equivalents at the beginning of the year		9,558	17,655
Effects of exchange rate changes on cash and cash equivalents		1,490	(898)
Cash and cash equivalents at the end of the year	8	148,483	9,558

1. Parent entity information

General information

The Company, being the parent entity, is a public company listed on the Australian Securities Exchange, trading under the symbol 'KKL', incorporated in Australia and operating in Australia, South East Asia and North America.

The Company's registered office and principal place of business is:

Level 9, 65 York Street
Sydney NSW 2000
Tel: (02) 8252 5555

Supplementary financial information

Set out below is the supplementary information about the Company.

	2020 **$**	2019 $
Statement of profit or loss and other comprehensive income		
Loss after income tax	**(751,546)**	(4,139,621)
Total comprehensive loss	**(751,546)**	(4,139,621)
Statement of financial position		
Total current assets	**152,068**	111,180
Total assets	**3,435,357**	3,396,758
Total current liabilities	**207,736**	931,843
Total non-current liabilities	**3,207,518**	1,993,266
Total liabilities	**3,415,254**	2,925,109
Equity		
Issued capital	**57,037,351**	56,737,351
Equity-settled employee benefits reserve	**2,143,630**	2,143,630
Options reserve	**121,776**	121,776
Accumulated losses	**(59,282,654)**	(58,531,108)
Total equity	**20,103**	471,649

Guarantees

The Company is not party to any guarantees in relation to its subsidiaries.

Contingent liabilities

The Company had no contingent liabilities as at 30 June 2020 (2019: $nil).

Contingent assets

As per Note 13, the Group has recognised a balance of $3,923,205 within trade and other payables relating to services received during the 2020 financial year. The balance is due upon successful financial close of related projects. If successful financial close is not achieved, a corresponding financial asset is expected to be recognised.

Capital commitments

The Company had no capital commitments as at 30 June 2020 (2019: $nil).

Significant accounting policies

The accounting policies of the Company are consistent with those of the Group as disclosed in Note 2, except investments in subsidiaries which are accounted for at cost, less any impairment, in the Company.

2. 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 Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period. The adoption of new or amended Accounting Standards and Interpretations has not resulted in any material changes to the Group's accounting policies and has no effect on the amounts reported for the current or prior periods.

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

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

AASB 16 Leases

The consolidated entity has adopted AASB 16 from 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before lnterest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. There were no material impact due to the adoption of this standard.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations as issued by the AASB and the Corporations Act 2001, as appropriate for profit oriented entities. The financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB").

The financial statements have been prepared on an accruals basis under the historical cost convention, except for, where applicable, selected financial assets and financial liabilities which are measured at fair value.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in **Note 3**.

Parent entity information

In accordance with the Corporations Act 2001, the financial statements present the results of the Group only. Supplementary information about the Company, being the parent entity, is presented in **Note 1**.

Going concern

The financial statements have been prepared on the going concern basis, which contemplates the Group's ability to pay its debts as and when they become due and payable for a period of at least 12 months from the date of authorising the financial report for issue.

As disclosed in the financial statements, the Group made a loss of $3,769,742, had net liabilities of $2,897,310 at 30 June 2020 and net cash outflows from operating activities of $16,637 for the year ended 30 June 2020.

The ability of the Group to continue as a going concern is dependent on a number of factors, the most significant of which are:

- The continued support of its creditors;
- The ability of the Company to source sufficient capital or other funding to settle the Group's outstanding current liabilities;
- The Group's ability to generate continuing revenue streams from the RFID technology and its other businesses; and
- The Group's ability to generate continuing revenue streams from waste conversion.

These factors indicate material uncertainty as to whether the Group will continue as a going concern and, therefore, the Group may be unable to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors are of the opinion that there are reasonable grounds to believe the Group will be able to continue as a going concern, after consideration of the following factors:

- The Group has the ability to continue to raise additional funds on a timely basis, pursuant to the *Corporations Act 2001*;
- The Directors anticipate closing significant sales contracts during the next 12 months, which will increase operating cash flow;
- The Group has the ability to scale back certain parts of its activities that are non-essential so as to conserve cash; and
- The Directors regularly monitor the Group's cash position and, on an on-going basis, consider a number of strategic initiatives to ensure that adequate funding continues to be available.

Accordingly, the Directors believe that the Group will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

As at the date of approval of the financial report, the directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded. Accordingly, the financial statements do not include any adjustments relating to the recoverability or classification of recorded assets nor to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

Principals of consolidation

The financial statements incorporate the assets and liabilities as at 30 June 2020, and the results for the year then ended, of the Company and its controlled entities (including special purpose entities). The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity *and* has the ability to affect those returns through its power to direct the activities of the entity.

Controlled entities are consolidated from the date on which control is transferred to the Company. They are deconsolidated when control ceases.

All intra-group transactions, balances, income and expenses, and unrealised gains on intra-group transactions are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Company and the Group.

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

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

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

Where the business combination is achieved in stages, the Group 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 Group 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 Group, the difference is recognised as a gain directly in profit or loss by the Group 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 Group's previously held equity interest in the acquiree.

Business combinations are initially accounted for on a provisional basis. The Group 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 Group receives all the information possible to determine fair value.

Operating segments

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

Foreign currency translation

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

Foreign currency transactions

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

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

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.

Revenue is recognised when it is probable that the economic benefit will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, stock rotation, price protection, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised at the point of sale, which is where the customer has taken delivery of the goods and all the significant risks and rewards of ownership of the goods have been transferred.

Rendering of services

The stage of completion of servicing fees included in the price of products sold are recognised by reference to the proportion of the total cost of providing the service for the product sold, taking into account historical trends in the number of services actually provided on past goods sold. The stage of completion for time and material contracts is recognised at the contractual rates as labour hours are delivered and direct expenses are incurred.

Royalties

Royalty revenue is recognised in accordance with the substance of the relevant agreement. Royalties determined on a time basis are recognised on a straight-line basis over the period of the agreement. Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

Interest revenue

Interest revenue is recognised as it 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 flows through the expected life of the financial instrument to its net carrying amount.

Income tax

The income tax expense or benefit for the year is the tax payable on that year'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 any 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:

- deferred income tax assets or liabilities arising 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 accounting nor taxable profits; or
- taxable temporary differences associated with interests in controlled entities, 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.

Income tax consolidated group

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

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

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

The Company has treated the Research and Development Tax Incentive as a government grant, recognising it as a credit in the Consolidated Statement of profit or loss and other comprehensive income in other revenue.

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: (1) it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; (2) it is held primarily for the purpose of trading; (3) it is expected to be realised within 12 months after the reporting period; or (4) 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 date. All other assets are classified as non-current.

A liability is classified as current when: (1) it is either expected to be settled in the Group's normal operating cycle; (2) it is held primarily for the purpose of trading; or (3) there is no unconditional right to defer settlement of the liability for at least 12 months after the reporting date. 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. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Trade and other receivables

Trade receivables

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

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables

Other receivables are recognised at amortised cost, less any provision for impairment.

Associates

Associates are entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the Group's share of losses in an associate equal or exceed its interest in the associate, including any unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The Group discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

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

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

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

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

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

Intangible assets

Internally generated intangible assets are initially measured at cost and subsequently at cost less accumulated amortisation and impairment. Gains or losses recognised in profit or loss arising from the de-recognition 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 costs and licences

Research costs are expensed in the year in which they are incurred. Development costs are capitalised only when it is probable that the project will be a success considering its commercial and technical feasibility; the Group is able to use or sell the asset; the Group has sufficient resources and intent to complete the development; and its costs can be measured reliably. All other development costs are expensed in the year in which they are incurred.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Capitalised development costs are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

Impairment of non-financial assets

Intangible assets that have an indefinite useful life 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.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

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

Trade and other payables

Trade and other payables amounts represent liabilities for goods and services provided to the Group prior to the end of the 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.

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

Liabilities 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 corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

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

Share-based payments

Equity-settled share-based compensation benefits are provided to employees and others providing similar services to employees.

Equity-settled transactions are awards of shares in exchange for the rendering of services.

The cost of equity-settled share-based payments are measured at fair value on grant date. Fair value is independently determined using the Binomial pricing model, taking into consideration the terms and conditions on which the award was granted. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. Further details of how the fair value of equity settled share-based payments has been determined can be found in **Note 27**.

The cost of equity-settled share-based payments 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.

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.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

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.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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

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

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

Earnings per share

Basic earnings per share

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

Diluted earnings per share

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

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

	Application Date (beginning on or after)
Conceptual Framework for Financial Reporting (Conceptual Framework)	1-Jan-20

The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 January 2020 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the consolidated entity has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the consolidated entity may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the consolidated entity's financial statements.

3. 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, estimates and assumptions on historical cost 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 year are discussed below.

Going concern

The financial statements have been prepared on the assumption the Group is a going concern. Should this assumption be incorrect the Group may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts presented in these financial statements.

Further explanation of the going concern basis of reporting is provided in Note 2.

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, historical collection rates, the impact of the Coronavirus (COVID-19) pandemic and forward-looking information that is available. The allowance for expected credit losses, as disclosed in note 9, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

Estimation of useful lives of assets

The Group determines the estimated useful lives and related amortisation charges for its finite life intangible assets. The useful lives could change significantly because of technical innovations or some other event. The 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.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The Group assesses impairment of non-financial assets at each reporting date by evaluating conditions specific to the Group 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, each of which incorporate a number of key estimates and assumptions.

Share based payments

The Group operates an employee share scheme, which issues options to employees to acquire shares. Details of the share scheme can be found in **Note 27**. The fair value of options is recognised over the vesting period of the options. Fair value has been calculated using the binomial model, which incorporates many assumptions and estimates, all of which have been detailed in **Note 27**. If any of these assumptions or estimates were to change, this could have a material impact on the amounts recognised.

Employee benefits

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 considered.

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.

Goodwill and other indefinite life intangible assets

The Group 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 2. The recoverable amounts of cash generating units have been determined based on value-in-use calculations. These calculations receive the use of assumptions including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

4. Operating segments

The Group is organised into three operating segments based on differences in products and services provided. The operating are identified on the basis of internal reports reviewed and used by the chief executive officer, who is the CODM, in order to assess performance and allocate resources. There is no aggregation of operating segments.

Products and services from which reportable segments derive their revenues

Information reported to the Group's CODM for the purposes of resource allocation and assessment of performance is focused on revenue for each type of good. The principal categories of customer for these goods are direct sales to major customers, wholesalers, retailers and internet sales. The Group's reportable segments under AASB 8 are therefore:

- Automated Vehicle Identification ("AVI");
- Waste to Energy; and
- CertainID.

There was no revenue reported in Waste to Energy segment, CertainID, the consolidated entity's bio-authentication technology, earned no revenue in the period as this technology is still in a developmental stage.

Information regarding the Group's reportable segments is presented below. The accounting policies of the reportable segments are the same as the Group's accounting policies.

Operating segment revenues and results

The following is an analysis of the Group's revenue and results, and assets by reportable operating segment for the year:

Consolidated – 2020	**AVI** **$**	**Waste to Energy** **$**	**CertainID** **$**	**Other segments** **$**	**Total** **$**
Revenue					
Sales to external customers	26,896	-	-	-	26,896
Total segment revenue	26,896	-	-	-	26,896
Unallocated revenue					
Other revenue					328,467
Total revenue					355,363
EBITDA	12,372	(3,300,000)	-	(441,061)	(3,728,689)
Depreciation and amortisation	-	(295)	-	-	(295)
EBIT	12,372	(3,300,295)	-	(441,061)	(3,728,984)
Interest revenue					306
Finance costs					(41,064)
Loss for the year before tax					(3,769,742)
Income tax expense					-
Loss for the year					(3,769,742)
Assets					
Segment assets	1,500,163	2,110,105	-	-	3,610,268
Unallocated assets					
Cash and cash equivalents					147,937
Trade and other receivables					59,740
Total assets					3,817,945
Liabilities					
Segment liabilities	-	3,349,500	573,705	-	3,923,205
Unallocated liabilities					
Trade and other payables					2,792,050
Other financial liabilities					-
Total liabilities					6,715,255

Revenue reported above represents revenue from external customers. There were no inter-segment sales in the year (2019: $nil).

Segment losses represent the losses incurred by each segment without allocation of central administration costs and directors' salaries, share of profits or associates, investment revenue and finance costs, income tax expenses and gains or losses on disposal of associates and discontinued operations. This is the measure reported to the CODM for the purposes of assessing segment performance and for resource allocation.

Consolidated – 2019	**AVI** **$**	**Waste to Energy** **$**	**CertainID** **$**	**Other segments** **$**	**Total** **$**
Revenue					
Sales to external customers	12,615	-	-	-	12,615
Total segment revenue	12,615	-	-	-	12,615
Unallocated revenue					
Other revenue					297,644
Total revenue					310,259
EBITDA	12,495	(115,089)	-	(3,900,090)	(4,002,684)
Depreciation and amortisation	-	(56)	-	-	(56)
EBIT	12,495	(115,145)	-	(3,900,090)	(4,002,740)
Interest revenue					20
Finance costs					(68,921)
Share of loss from associates					(123,458)
Loss for the year before tax					(4,195,099)
Income tax expense					-
Assets					
Segment assets	1,500,127	2,213,620	-	-	3,713,747
Unallocated assets					
Cash and cash equivalents					8,341
Trade and other receivables					113,078
Total assets					3,835,166
Liabilities					
Segment liabilities	-	151,915	175,866	-	327,781
Unallocated liabilities					
Trade and other payables					2,799,108
Other financial liabilities					126,000
Total liabilities					3,252,889

For the purposes of assessing segment performance the CODM may, from time to time, review the value of assets and liabilities attributable to each segment.

All assets, and liabilities, are allocated to reportable segments other than those that are used in, or incurred by, multiple segments, or which are not segment specific, and which cannot be allocated across segments on any reasonable basis. Assets used, and liabilities incurred, jointly by reportable segments are unable to be allocated as there is no logical basis for doing so.

No impairment losses have been recognised in respect of non-financial assets during the year (2019: $nil).

Geographical information	**Sales to external customers**		**Geographical non-current assets**	
	2020 **$**	2019 $	**2020** **$**	2019 $
Thailand	**-**	-	**1,500,000**	1,500,000
China	**-**	-	**2,106,622**	2,106,917
Other	**26,896**	12,615	**-**	-
	26,896	12,615	**3,606,622**	3,606,917

Geographical non-current assets reported above exclude, where applicable, financial instruments, deferred tax assets, post-employment benefits assets and rights under insurance contracts.

5. Revenue

	2020 $	2019 $
Revenue		
Sale of goods		
Royalty and licence revenue	**26,896**	12,615
	26,896	12,615
Other revenue		
Research and Development Tax Incentive	**328,164**	297,644
Interest	**303**	20
	328,467	297,664
	355,363	310,279

Timing of revenue recognition		
Goods transferred at a point in time	**27,199**	**12,635**

6. Loss for the year before income tax

	2020 $	2019 $
Loss before income tax includes the following specific expenses.		
Net foreign exchange (gain)/ losses		
Net foreign exchange (gain)/losses	**(759)**	1,409
Finance costs		
Interest paid to other parties	**41,064**	68,921
	41,064	68,921
Amortisation of intangible assets	**295**	56
Total	**295**	56
Employee benefits expense		
Equity-settled share-based payments	**-**	100,000
Other employee benefits	**360,000**	360,000
	360,000	460,000

7. Income tax expense

	2020 $	2019 $
Income tax expense		
Current tax	**(129,414)**	(1,092,201)
Deferred tax not recognised in the financial statements	**129,414**	1,092,201
	-	-
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	**(3,769,742)**	(4,195,099)
Tax at the statutory rate of 27.5%	**(1,036,678)**	(1,153,652)
Tax effect of amounts which are not deductible / (assessable) in calculating taxable income:		
R&D Expenses	**907,500**	-
Blackhole Expenses	**(236)**	-
Share-based employee benefits expense	**-**	27,500

Share of loss / (profit) from associates	**-**	33,951
Deferred tax assets not recognised	**129,414**	1,092,201
	-	-

Unrecognised deferred tax assets
The following deferred tax assets have not been brought to account as assets.

Unrealised foreign exchange (gains)/losses	**(772)**	757
Accrued expenses	**27,500**	87,500
Unused tax losses	**16,329,353**	16,828,006
	16,356,081	16,916,263
Potential tax benefit at the statutory rate of 27.5%	**4,497,922**	4,651,972

8. Cash and cash equivalents

	2020	2019
	$	$
Cash at bank	**148,483**	9,558
	148,483	9,558

Reconciliation of cash and cash equivalents at the end of the year
The above figures are reconciled to cash and cash equivalents at the end of the financial year as show in the statement of cash flows as follows:

Cash and cash equivalents as above	**148,483**	9,558
Cash and cash equivalents as per consolidated statement of cash flows	**148,483**	9,558

9. Trade and other receivables

	2020	2019
	$	$
Other receivables	**40,401**	122,106
	40,401	122,106

Allowance of expected credit losses
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.

	2020	**2019**
	$	$
The ageing of the impaired receivables provided for above are as follows.		
0 to 60 days overdue	-	-
61 to 90 days overdue	-	-
91 to 120 days overdue	-	-
Over 120 days overdue	**40,401**	**122,106**
	40,401	**122,106**

The Group has increased its monitoring of debt recovery as there is an increased probability of customers delaying payment or being unable to pay, due to the Coronavirus (COVID-19) pandemic.

10. Intangible assets

	2020	2019
	$	$
Goodwill	**2,106,622**	2,106,622
	2,106,622	2,106,622

11. Investment in associates – accounted for using the equity method

		Ownership interest	
	Principal Place of Business /	**2020**	2019
Name	**Country of Incorporation**	**%**	%
Kollakorn Co., Ltd	Thailand	**16.75**	16.75

The Company acquired a 19.9% interest in Kollakorn Co., Ltd ("Kollakorn Thailand") on 30 June 2011, and purchased an additional 8.8% in 2012, 2.49% in 2013 and 2.04% in 2014. Kollakorn Thailand offered all shareholders a pro-rata rights issued in December 2015, however KKL elected not to participate. All other shareholders in Kollakorn Thailand elected to participate and the shares so issued were called as to 25%. The effect on the Company's interest in Kollakorn Thailand was to reduce it to 26.67%. In July 2018 Kollakorn Thailand offered all shareholders another pro-rata rights issue, however Kollakorn didn't elect to participate. The effect on the Company's interest in Kollakorn Thailand was to reduce it to 16.75%. Kollakorn Thailand is no longer an associate, the investment as at 30 June 2020 has now been accounted for at fair value through other comprehensive income as per Note 12.

	2020	2019
	$	$
Summarised statement of financial position		
Current assets	-	-
Non-current assets	-	-
Total assets	-	-
Current liabilities	-	-
Non-current liabilities	-	-
Total liabilities	-	-
Net assets	-	-
Summarised statement of profit or loss and other comprehensive income		
Revenue	-	-
Expenses	-	-
(Loss) / profit before income tax	-	-
Income tax expense	-	-
(Loss) / profit after income tax	-	-
Other comprehensive income	-	-
Total comprehensive income	-	-
Reconciliation of the Group's carrying amount		
Opening carrying amount	-	4,486,841
Share of (loss) / profit after income tax	-	(123,458)
Share of other comprehensive gain/ (loss)	-	(34,379)
Loss on discontinuing equity accounting	-	(2,829,004)
Investment transferred to financial assets at fair value (see **Note 12)**	-	(1,500,000)
Closing carrying amount	-	-

12. Financial assets at fair value through other comprehensive income

	2020 $	2019 $
Unlisted ordinary shares Kollakorn Co., Ltd	**1,500,000**	1,500,000
	1,500,000	1,500,000

Refer to Note 29 for further information on fair value measurement.

13. Trade and other payables

		2020 $	2019 $
Current			
Trade payables		**180,237**	441,486
Other payables			
Sealy Consulting Pty Ltd	(a)	**-**	417,739
Accrued expenses		**27,500**	113,891
Total other payables		**27,500**	531,630
Total current payables		**207,737**	973,116

(a) Sealy Consulting Pty Ltd is an Australian private company controlled by Mr Richard Sealy, the Company's former Management Director. The amount payable to Sealy Consulting Pty Ltd represents unpaid consulting fees and bears interest at a rate of 7% per annum.

	2020	2019
Non-Current		
Related Party Payables	**2,156,574**	1,430,063
Subject to Successful Financial Close	**3,923,205**	623,205
Sealy Consulting Pty Ltd	**427,739**	-
Total trade and other payables	**6,507,518**	2,053,268

Non-Current payables not due within 12 months to related parties or as agreed under contracts.

14. Employee benefits

	2020 $	2019 $
Current		
Provision for annual leave	**-**	100,505
	-	100,505

Amounts not expected to be settled within the next 12 months

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented in current liabilities because the Group does not have an unconditional right to defer settlement for more than 12 months after the reporting date. However, based on past experience, the Group does not expect any employees to take any amount of accrued annual leave or require any payment within the next 12 months.

The following amounts reflects leave that is not expected to be taken within the next 12 months:

	2020 $	2019 $
Employee benefits obligation expected to be settled after 12 months	**-**	100,505

15. Borrowings

	2020 $	2019 $
Current		
Loan – Mitchell Asset Management Innovation Finance Fund	-	126,000
	-	126,000

Mitchell Asset Management Innovation Finance Fund are a non-related company. Borrowing was repaid on 25 November 2019.

16. Issued capital

	2020 Shares	2019 Shares	2020 $	2019 $
Ordinary shares, fully paid	**240,822,940**	209,777,191	**57,037,351**	56,737,351
Performance shares	**74,999,999**	74,999,999	-	-
	315,822,939	284,777,190	**57,037,351**	56,737,351

Balance		30-Jun-17	1,113,310,077		51,025,167
Issue of shares – debt to equity		3-Jul-17	314,404,682	0.008	2,437,184
Consolidation of shares		12-Jul-17	(1,284,942,877)		
Issue of shares – acquisition of Isity Global		24-Jul-17	31,250,000	0.08	2,500,000
Issue of shares – share-based payments		9-Oct-17	5,139,925		
Issue of shares – capital raising		6-Nov-17	9,615,384	0.052	500,000
Issue of shares – capital raising		23-Feb-18	1,000,000	0.05	50,000
Balance		30-Jun-18	189,777,191		56,512,351
Issue of shares – capital raising		24-Oct-18	20,000,000	0.01	200,000
Issue of shares – capital raising		24-May-19	2,941,176	0.0085	25,000
Balance		30-Jun-19	212,718,367	-	56,737,351
Issue of shares – capital raising	(a)	16-July-19	5,882,352	0.0085	50,000
Issue of shares – capital raising	(b)	22-Aug-19	8,888,888	0.01125	100,000
Issue of shares – capital raising	(c)	26-Aug-19	13,333,333	0.01125	150,000
Balance		30-Jun-20	240,822,940		57,037,351

(a) On 16 July 2019, the Company issued 5,882,352 ordinary shares at $0.0085 consideration per share under the Company's 10% Placement Facility which was approved by shareholders at the Annual General Meeting held on 28 November 2019.

(b) On 22 August 2019, the Company issued 8,888,888 ordinary shares at $0.01125 consideration per share under the Company's 10% Placement Facility which was approved by shareholders at the Annual General Meeting held on 28 November 2019.

(c) On 26 August 2019, the Company issued 13,333,333 ordinary shares at $0.01125 consideration per share under the Company's 10% Placement Facility which was approved by shareholders at the Annual General Meeting held on 28 November 2019.

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on 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, share have one vote and upon a poll each share shall have one vote.

Performance shares

Following approval from shareholders at the General Meeting held on 30 June 2017, the Company issued 74,999,999 performance shares on 24 July 2017 to the vendors of Isity Global Pte Limited at $0.08 per share (post-consolidation value) as consideration for the acquisition of 100% of the issued share capital of Isity Global Pte Limited. Included within this amount was 20,053,473 performance shares which were issued to Charles Hunting, a director of the Company and participating vendor of Isity Global Pte Limited.

Performance shares are unlisted, non-transferable and do not carry any entitlement to vote, share in dividends or proceeds on winding up of the Company.

Performance shares entitled the holder to convert, subject to meeting the "performance milestones", each performance share into one ordinary share on or before 30 June 2020. The performance milestones are:

1. the Revenue contributed by Isity Global in the financial year ending 30 June 2020 shall be equal to or exceed $100,000,000; and
2. that earnings before interest, taxation, depreciation and amortisation ("EBITDA") in the financial year ending 30 June 2020 shall equal or exceed $30,000,000.

Share buy-back

There is no current on-market share buyback.

Capital risk management

The Group's primary objective when managing capital is to safeguard its ability to continue as a going concern. The Group's secondary capital management objectives are to 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.

The capital risk management policy remains unchanged since the prior year.

17. Reserves

	2020	2019
	$	$
Equity-settled employee benefits reserve	**2,143,630**	2,143,630
Foreign currency translation reserve	**(312,640)**	(302,795)
Options reserve	**121,776**	121,776
Total reserves	**1,952,766**	1,962,611

	Equity-settled employee benefits reserve $	**Foreign currency translation reserve $**	**Options reserve $**	**Total $**
Movements in reserves				
Balance at 1 July 2018	2,143,630	(304,933)	121,776	1,960,473
Issue of options	-	-	-	-
Share-based payment accruals	-	-	-	-
Foreign currency translation	-	2,138	-	2,138
Share of foreign currency translation of associates	-	-	-	-
Balance at 30 June 2019	2,143,630	(302,795)	121,776	1,962,611
Issue of options	-	-	-	-
Share-based payment accruals	-	-	-	-
Foreign currency translation	-	**(9,845)**	-	**(9,845)**
Share of foreign currency translation of associates	-	-	-	-
Balance at 30 June 2020	**2,143,630**	**(312,640)**	**121,776**	**1,952,766**

Equity-settled employee benefits reserve

The equity-settled employee benefits reserve arises on the grant of share options and to directors, executives and senior employees under the employee share option plan. The equity-settled employee benefits reserve also includes share entitlements accruing to David Matthews, the

Company's Chief Executive Officer, under the terms of his employment agreement but which are yet to be issued. Further information about share-based payments to directors and employees is provided at **Note 27**.

Foreign currency translation reserve

The foreign currency translation reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

Options reserve

Convertible note holders were offered a mix of shares and options in the Company on 29 February 2016 as consideration for their agreement to forfeit accrued interest on cancelled notes. The options reserve is used to recognise the settlement, in part, of the accrued interest liability as at 29 February 2016.

18. Dividends

No dividends were paid during the year. No dividends have been declared or paid since the reporting date.

Franking credits

At the reporting date, franking credits available for subsequent years were $nil (2019: $nil).

19. Financial instruments

Financial risk management objectives

The Group's activities expose it to a variety of financial risks including market risk, credit risk, and liquidity risk.

The Group does not enter into or trade in financial instruments, including derivative financial instruments. The Group's risk management policies are reviewed by the directors at least annually.

Market risk

The Group's exposure to market risk is limited to the effect of changes in interest rates, and foreign currency exchange rates. There has been no change to the Group's exposure to market risk during the year.

Foreign currency risk

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign currency exchange rate fluctuations. The directors consider the Group's exposure top foreign currency risk to be immaterial, and hence the Group does not hedge against foreign currency risk.

Foreign exchange risk arises primarily from recognised financial assets and financial liabilities denominated in a currency that is not the Group's functional currency.

The risk is measured using sensitivity analysis using a sensitivity rate of a 10% increase / decrease in the Australian dollar against risk exposed foreign currencies. 10% represents the directors' assessment of the reasonably possible change in foreign exchange rates taking into account consideration of volatility over the last 6 months of each year. The sensitivity analysis includes external receivables, payables and loans as well as loans to foreign operations where the loan is denominated in currency other than the lender's functional currency.

Foreign currency denominated assets and liabilities

	Assets		**Liabilities**	
	2020	2019	**2020**	2019
	AU$	AU$	**AU$**	AU$
United States Dollars	**32,443**	31,659	-	75,360
Singapore Dollars	**-**	58,645	-	151,915
Chinese Renminbi	**26,739**	-	-	-
	59,182	90,304	-	227,275

Foreign currency sensitivity analysis

	Change in AUD	United States Dollars 2020 AU$	2019 AU$	Singapore Dollars 2020 AU$	2019 AU$	Chinese Renminbi 2020 AU$	2019 AU$
Impact on profit / (loss)	+10%	**(9)**	(9)	-	(9)	-	-
	-10%	**10**	10	-	10	-	-
Impact on equity	+10%	**(2,949)**	(3,965)	-	(3,965)	**(2,431)**	-
	-10%	**3,605**	4,846	-	4,846	**2,971**	-

Interest rate risk

The Group's main interest rate risk arises in relation to cash and cash equivalents on deposit with banks. The directors consider the Group's exposure top interest rate risk to be immaterial, and hence the Group does not hedge against interest rate risk.

An official increase in interest rates of 50 basis points would have a favourable effect on profit before tax of $Nil (2019: $NIL), while a decrease in interest rates of 50 basis points would have an unfavourable effect on profit before tax in the amount of $Nil (2019: $NIL).

Credit risk

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

The Group has a concentration of credit risk in with one customer in located in the United States of America. As at 30 June 2020, there were Nil debtors owing to the group (2019: $NIL). These receivables were within their respective terms of trade and no impairment was recognised as at 30 June 2020. There are no guarantees against these receivables but management closely monitors the receivable balances on a monthly basis and is in regular contact with the customers to mitigate risk. The Group 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 Group based on recent sales experience, historical collection rates and forward-looking information that is available. As disclosed in Note 12, the Group has increased its monitoring of debt recovery due to the Coronavirus (COVID-19) pandemic.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of its financial assets and liabilities. Note 2 provides further information in relation to the group's ability to continue as a going concern.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

Consolidated – 2020	**Weighted average effective interest rate %**	**1 month or less $**	**1 to 3 months $**	**3 months to 1 year $**	**>1yr $**	**Total $**
Non-interest bearing						
Trade payables	**-**	**49,182**	**59,543**	**114,191**	**6,037,100**	**6,260,016**
Other payables	**-**	**27,500**	**-**	**-**	**-**	**27,500**
Interest bearing						
Other payables	**7.00**	**-**	**-**	**-**	**427,739**	**427,739**
		76,682	**59,543**	**114,191**	**6,464,839**	**6,715,255**

Consolidated – 2019	Weighted average effective interest rate %	1 month or less $	1 to 3 months $	3 months to 1 year $	>1yr $	Total $
Non-interest bearing						
Trade payables	-	26,335	133,281	281,870	2,053,268	2,494,754
Other payables	-	87,500	-	26,391	-	113,891
Interest bearing						
Other payables	7.00	-	-	417,739	-	417,739
Borrowings	30.00	-	-	126,000	-	126,000
		113,835	133,281	852,000	2,053,268	3,152,384

(a) No other cash flows in the above maturity analysis are expected to occur significantly earlier than contractually disclosed.
Fair value of financial instruments

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

20. Key management personnel

The following table sets out the aggregate compensation made to directors and other members of key management personnel.

	2020 **$**	2019 $
Short-term employee benefits	**360,000**	360,000
Share-based payments	**-**	100,000
	360,000	460,000

21. Remuneration of auditors

During the year the following fees were paid or payable for services provided by RSM Australia Partners, the auditor of the Company, its network firms and unrelated firms.

	2020 **$**	2019 $
RSM Australia Partners		
Audit or review of the financial statements	**63,500**	63,500
	63,500	63,500

22. Contingent liabilities and contingent assets

At the date of approval of this report, neither the Company nor the Group had any contingent liabilities.

As per Note 13, the Group has recognised a balance of $3,923,205 within trade and other payables relating to services received during the 2020 financial year. The balance is due upon successful financial close of related projects. If successful financial close is not achieved, a corresponding financial asset is expected to be recognised.

23. Related party transactions

The following transactions occurred during the year with related parties. Remuneration of key management personnel, which has been reported at **Note 20**, is excluded from the below.

	2020	2019
	$	$
Payment for goods and services		
Accounting services from Brentnalls NSW Pty Ltd (Director related entity, Nicholas Aston)	**134,658**	144,000
Current payables		
Brentnalls NSW Pty Ltd (Director related entity, Nicholas Aston)	**610,121**	421,666
Charles Hunting (Director)	**229,439**	185,441
David Matthews (Chief Executive Officer)	**1,113,514**	685,456
De Vries Tayeh (Director related entity, Riad Tayeh)	**203,500**	137,500

All transactions were made on normal commercial terms and conditions and at market rates.

24. Interests in subsidiaries

The financial statements include the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in **Note 2**.

			Ownership interest	
		Principal Place of Business /	**2020**	2019
Name		**Country of Incorporation**	**%**	%
Kollakorn Imaging Systems Pty Limited (ii) (iii)	(a)	Australia	**100**	100
Kollakorn (AVI) Pty Ltd(ii) (iii)	(a)	Australia	**100**	100
Kollakorn (IP) Pty Ltd (ii) (iii)	(a)	Australia	**100**	100
Mikoh Corporation		United States of America	**100**	100
Kollakorn Pty Limited (ii) (iii)	(a)	Australia	**100**	100
Kollakorn Environment Services Pty Limited (ii) (iii) (iv)	(a)	Australia	**100**	100
Isity Global Pte Limited		Singapore	**100**	100
Isity Global (Shanghai) Co., Ltd		China	**100**	100

(a) These wholly owned subsidiaries are classified as small proprietary companies and, in accordance with the Corporations Act 2001 are relieved from the requirement to prepare and lodge audited financial statements with the Australian Securities and Investment Commission.

- (i) Kollakorn Corporation Limited is the head entity within the tax-consolidated group.
- (ii) These companies are members of the tax-consolidated group.
- (iii) These wholly owned entities are classified as small proprietary entities and, in accordance with the Corporations Act 2001 are relieved from the requirement to prepare and lodge audited financial statements.
- (iv) Kollakorn Technology Pty Ltd changed its name to Kollakorn Environmental Services Pty Ltd on 21 August 2019.

25. Events after the reporting period

The following matters or circumstances have arisen since 30 June 2020 that have significantly affected or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years:

Whilst the impact of the Coronavirus (COVID-19) pandemic is ongoing, the Board holds that the effect of COVID-19 is a non-adjusting subsequent event. Whilst the full effects of COVID-19 may be very significant, the impact on Kollakorn cannot be estimated or quantified at this time. The Board has been informed that shutdown in Asia will have immediate effect on our potential Malaysian and Myanmar opportunities; however, the Board has no further information on when restrictions will be lifted to enable the programs to continue their development. The Company's actions to have the current trading suspension lifted are also impacted by our inability to progress these opportunities, which has also delayed the commencement of our Waste Conversion Pre FEED activities. The Company as such is exploring all avenues to support commencing this activity.

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

	2020	2019
	$	$
Loss for the year	**(3,769,742)**	(4,195,099)
Adjustments for items in profit or loss:		
Amortisation of intangible assets	**295**	56
Equity-settled employee benefits expense	**-**	100,000
Finance costs	**20,000**	68,921
Interest revenue	**(72)**	(20)
Share of loss / (profit) from associates	**-**	123,458
Net fair value loss on financial assets	**-**	2,829,004
Adjustments for changes in operating assets and liabilities:		
Decrease in trade and other receivables	**62,366**	50,480
Decrease in other assets	**93,485**	-
Increase in trade and other payables	**3,677,536**	759,840
(Decrease) / increase in employee benefits	**(100,505)**	5,141
Net cash used in operating activities	**(16,637)**	(258,219)

27. Share-based payments

Chief Executive Officer remuneration package

Under his employment agreement, David Matthews, the Group’s Chief Executive Officer, total remuneration of $360,000 from 1 October 2017. Prior to 1 October David’s package was $250,000 comprising salary of $60,000 and $190,000 in shares on an annualised basis. A further annual bonus of up to $150,000 (from 1 October 2019), subject to satisfying various key performance indicators.

Refer to **Note 20** for further information.
Employee share-option plan

The Group has an ownership-based compensation scheme for directors and executives of the Group. All options granted are subject to approval by the directors.

On exercise, each employee share option converts into one ordinary share of the Company. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither right to dividends nor right to vote. Options may be exercised at any time from the date of vesting to the date of expiry. There were no share-based payments in existence during the current and comparative periods.

28. Earnings per share

	2020	2019
	$	$
Loss for the year	**(3,769,742)**	(4,195,099)
Non-controlling interest	**-**	-
Loss for the year attributable to members of the Company	**(3,769,742)**	(4,195,099)

	2020	2019
	Shares	Shares
Weighted average number of ordinary shares used to calculate basic earnings per share	**237,158,345**	209,777,191
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	**-**	-
Weighted average number of ordinary shares used to calculate diluted earnings per share	**237,158,345**	209,777,191

	2020 Cents	2019 Cents
Basic earnings per share	**(1.59)**	(2.00)
Diluted earnings per share	**(1.59)**	(2.00)

29. Fair Value measurement

Fair value hierarchy

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

Consolidated – 2020	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Financial asset at fair value	-	-	1,500,000	1,500,000
Total assets	-	-	1,500,000	1,500,000

Consolidated – 2019	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Financial asset at fair value	-	-	1,500,000	1,500,000
Total assets	-	-	1,500,000	1,500,000

Unquoted investments have been valued using a discounted cash flow model for amounts shown under Level 3, as disclosed at Note 12.

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 Financial Standards Board as described in Note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the year then ended; and
- there are reasonable grounds to believe the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

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

On behalf of the directors

Riad Tayeh
Non-executive chairman

19 November 2020
Sydney

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INDEPENDENT AUDITOR'S REPORT
To the Members of Kollakorn Corporation Limited

Qualified Opinion

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

In our opinion, except for the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial report of the Company 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 then ended; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Qualified Opinion

Carrying value of goodwill

As disclosed in Note 10, the consolidated entity's goodwill is carried at $2,106,622 in the consolidated statement of financial position at 30 June 2020. We were unable to obtain sufficient appropriate audit evidence about the carrying amount of Kollakorn Corporation Limited's goodwill as at 30 June 2020 because the forecast on which the impairment model is based includes assumptions for future revenue streams for which no signed contracts exist, and over which we were unable to gain other appropriate audit evidence. Consequently, we were unable to determine whether any adjustments to this amount was necessary.

Carrying value of financial assets at fair value through other comprehensive income

As disclosed in Note 12, the consolidated entity's investment in Kollakorn Co. Limited (Thailand) is carried at $1,500,000 in the consolidated statement of financial position at 30 June 2020. As disclosed in Note 11, the consolidated entity lost significant influence over Kollakorn Co. Limited (Thailand) in July 2018, and it was classified as a financial asset at fair value through other comprehensive income at this time. We were unable to obtain sufficient appropriate audit evidence about the initial fair value of the investment in July 2018, or about the carrying amount of the investment as at 30 June 2020, because discounted cash flow on which fair value has been determined includes assumptions for future revenue which are not contractual or committed and cannot be verified. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

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

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

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial report, which indicates that the consolidated entity incurred a net loss of $3,769,742 and net cash outflows from operating activities of $16,637 during the year ended 30 June 2020. As at that date the Group's liabilities exceeded its assets by $2,897,310. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not further modified in respect of this matter.

Key Audit Matters

Except for the matters described in the Basis for Qualified Opinion section and Material Uncertainty Related to Going Concern sections, we have determined that there are no other key audit matters to communicate in our report.

Other Information

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

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

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

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 Company 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 Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 12 to 16 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Kollakorn Corporation Limited, for the year ended 30 June 2020, complies with section 300A of the Corporations Act 2001.

Responsibilities

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

RSM

RSM AUSTRALIA PARTNERS

GNS

G N SHERWOOD
Partner

Sydney, NSW
Dated: 19 November 2020

Distribution of equitable securities

Range	No. holders of ordinary shares	No. ordinary shares in range	% of total ordinary shares issued
1 to 1,000	886	309,539	0.130
1,001 to 5,000	421	1,054,986	0.440
5,001 to 10,000	147	1,153,827	0.480
10,001 to 100,000	350	12,408,554	5.150
100,001 and over	172	225,896,034	93.800
	1,976	240,822,940	100.000
Holding less than a marketable parcel	1610	5,082,581	2.11051

Twenty largest quoted security holders as at 30 June 2020

Shareholder	Ordinary shares No. shares held	 % of total shares issued
THOMAS EVANS INVESTMENTS PTY LTD <THOMAS EVANS HOLDINGS A/C>	17,342,112	7.201%
140 FOOT VENTURES (SINGAPORE) PTE LTD	17,341,702	7.201%
P & D GARDE PTY LTD <P D G A/C>	13,333,333	5.537%
FENG YUJUAN	10,209,329	4.239%
TERSTAN NOMINEES PTY LTD <MORROWS P/L SUPER FUND A/C>	9,086,742	3.773%
KOLLAKORN COMPANY LIMITED	8,972,269	3.726%
KJ8 PTY LTD	8,888,888	3.691%
BRENTNALLS NSW PTY LIMITED	8,690,288	3.609%
BORDONI HOLDINGS PTY LTD <PETER BROWNS/F A/C>	8,508,414	3.533%
BTC ADVISORY PTY LTD	5,437,430	2.258%
DEANCORP PTY LTD <JUMBO SUPER FUND A/C>	5,244,151	2.178%
SARLAND PTY LTD	5,000,000	2.076%
DANIELA LOZEVSKI	5,000,000	2.076%
K B J INVESTMENTS PTY LTD <JARRY FAMILY SUPER FUND A/C>	4,880,518	2.027%
DAVIES NOMINEES PTY LTD <SUPER DUPER SUPER FUND A/C>	4,329,658	1.798%
BOND STREET CUSTODIANS LIMITED <HPWPL - O19760 A/C>	3,849,862	1.599%
MR GREGORY LEVVEY & MRS BRONWYN LEVVEY <LEVVEY SUPER FUND A/C>	3,091,176	1.284%
DAVIES NOMINEES PTY LTD <SNAPE FAMILY A/C>	2,863,671	1.189%
MR JAMES PAUL BEDDIE	2,816,438	1.170%
MR JAMES PAUL BEDDIE <THE BEDDIE FAMILY A/C>	2,682,316	1.114%
	147,568,297	61.277%