

ASX Announcement

3 March 2021

Accounts for the half-year ended 31 December 2020

The directors of Kollakorn Corporation Limited (ASX: KKL) (“the Company”) are very pleased to present the half-yearly accounts of the Company and its controlled entities (“the Group”) to 31 December 2020.

The highlights are:

- Revenue decreased from the comparative period by 70% to \$7,945 (2019: \$26,896). This was due to a decrease in revenue from the sale of tags which decreased to \$7,945 (2019: \$26,896) for the half-year. A decrease in volume from a US based customer resulted in lower sales and revenue.
- The Group made a loss after tax for the half-year of \$227,744 (2019: \$2,797,530), a decrease from the previous comparative period of 92%.
- Total liabilities increased from the previous period by 4% to \$6,995,532 (30 June 2020: \$6,715,255).

Operations

General Overview

The first half of the 2021 Financial Year has been dominated by the continued impact of COVID-19 on the business. The Company was successful in resolving an identified prior share issues in 2017 where a cleansing notice had not been issued that would have permitted immediate trading. Upon examination, it was evident that share trades within 12 months of the issue of ‘uncleansed’ shares did occur. The Company promptly disclosed this issue to the market and confirmed its intention to take any necessary corrective steps. The corrective steps included an application to the Supreme Court of NSW to seek declaratory relief and ancillary orders relating to prior trading in certain shares, so that any on-sales prior to the issue of a Cleansing Prospectus would be validated and not attract any civil liability. This application was successful and on 30 October 2020 the Court granted the validating orders sought by the Company.

Whilst the cleansing notice was successfully resolved, the Company has remained suspended during this period. The Directors continue to undertake substantial effort to deliver an underlying transaction that shareholders would be able to participate in that would support the Company toward a sustainable growth path and a goal of swift reinstatement. This objective was not met in the first half of the Financial Year; however, the Board remains highly committed to these goals and remains confident in our ability to achieve them. The Company continues to receive significant, helpful and productive guidance providing a clearer path toward achieving these goals.

Waste Conversion

During the first half there has been continued strategic development activity regarding Waste Conversion as the Company plans the commencement of our Waste Conversion Pre FEED and FEED activities once Kollakorn shares are again tradeable. No direct R&D activity was undertaken during this half year, rather the Company has undertaken preparatory work to enable trading of our shares, which will then enable the commencement of the Pre FEED and FEED activities.

We remain in active conversation with our world-class partners, including for the engineering design and construction, and with our partner Bio Carbon Fuels (BCF). It is our intention to commence Pre-FEED

engineering works as soon as possible after our trading suspension is lifted, and to then formally announce details of our programs to the market.

CertainID

The Company remains committed to pursuing the further development of CertainID, with continued discussions for collaborative opportunities to further develop the technology. Whilst no direct development activity was undertaken in the first half of the Financial Year, the exercise to source additional funding will support the additional work required for CertainID.

Break on Removal Tags

The Tag business continues to be heavily impacted by COVID-19 with the Company's Malaysian Project continuing to experience significant delays. During the period further trials of our tags were able to be performed and our project partner received formal supplier accreditation. This should enable a full operational pilot once the COVID-19 situation is more settled in Malaysia. We also remained active in managing our relationships during the shutdowns in the relevant countries in which we have opportunities. We also had small sales with an existing customer in the United States.

Isity

The Company continues to concentrate efforts on Waste Conversion opportunities in Australia whilst maintaining Isity Global Pte Ltd. As we develop our technical capability and business development capacity, we will extend that focus back to Asia Pacific Markets, including the Isity projects based in China.

Patents

We have continued to manage our portfolio of patents. Our IP remains critical to our company, and we continue to vigorously protect our patents in the marketplace. We continued to delete Patents from our portfolio that are no longer relevant or viable, and maintain those specifically relevant to CertainID and our Break on Removal tamper evident tags.

Financial Management

Cash Flow continues to be carefully managed with investment in R&D funding for Waste Conversion enabling continued operations, with the Board confident that the R&D investments will result in the successful commencement of Waste Conversion and CertainID projects.

The continued impact of COVID-19 has resulted in the Chief Executive Officer and the Directors continuing to have salaries and director fees accrued with no payments being made. This is a continuation of the arrangements for salaries and directors fees to be accounted for as non-current liabilities, as explained in the 2020 Annual Report.

The Company's Financial statements have been prepared on the going concern basis, which contemplates the Company's ability to pay its debts as and when they become due and payable. The ability of the Company to continue as a going concern is dependent on a number of factors, the most significant of which are:

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

The directors are of the opinion that there are reasonable grounds to believe the Company will be able to continue as a going concern after consideration of these factors.



Mr Riad Tayeh
Non-executive chairman

Kollakorn Corporation Limited
ABN 41 003 218 862

Kollakorn Corporation Limited

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Appendix 4D

**INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

Period 1 July 2020 to 31 December 2020

(Previous Corresponding Period 1 July 2019 to 31 December 2019)

Appendix 4D

Interim Financial Report

Name of entity

Kollakorn Corporation Limited			
ABN or equivalent company reference	Half-yearly (tick)	Preliminary final (tick)	Financial half-year ended ('current period')
41 003 218 862	✓		31 December 2020

1. Results for Announcement to the Market

Results			A\$
Revenues from ordinary activities	Down	70% to	7,945
Profit (Loss) from ordinary activities after tax attributable to members	Down	92% to	(227,744)
Net Profit (Loss) for the period attributable to members	Down	92% to	(227,744)
Dividends (distributions)		Amount per security	Franked amount per security
Final dividend		NIL	NIL
Previous corresponding period		NIL	NIL
Record date for determining entitlements to the dividend		N/A	
The Company does not have a dividend reinvestment plan and no dividends are proposed to be declared for the current year.			
Note: This Appendix 4D should be read in conjunction with the Commentary on the Results of the Interim Financial Report for the half-year ended 31 December 2020, with the accompanying notes to the Appendix 4D, and with the most recent annual financial report.			

2. Net Tangible Assets

	Half-year ended 31 December 2020 Cents	Year ended 30 June 2020 Cents
Net tangible assets per ordinary security	(2.17)	(2.11)

3. Control Gained Over Entities

Not applicable.

4. Loss of Control Over Entities

Not applicable.

5. Details of Associates and Joint Venture Entities

Not applicable.

6. Audit Qualification or Review

The financial statements were subject to a review by the auditors of the Company. The review report is attached as part of the Interim Financial Report and includes a qualified opinion.

7. Attachments

The Interim Financial Report of the Company for the half-year ended 31 December 2020 is attached.

**Interim financial report
for the half-year ended 31 December 2020**

Contents	Pages
Directors' report	1
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Directors' report for the half-year ended 31 December 2020

The directors of Kollakorn Corporation Limited ("the Company") submit this interim financial report of Kollakorn Corporation Limited and its controlled entities ("the Group") for the half-year ended 31 December 2020. In order to comply with the provisions of the *Corporations Act 2001*, the directors' report as follows:

1. Directors and secretary

The following persons were directors and secretaries of the Company during the whole of the half-year and up to the date of this report, except where indicated otherwise:

Directors

- Riad Tayeh (Chairman)
- Nicholas Aston
- Charles Hunting

Secretary

- Tom Bloomfield (resigned 14 July 2020)
- Julian Rockett (appointed 14 July 2020, resigned 13 November 2020)
- Sally McDow (appointed 13 November 2020)

2. Principal activities

The principal activities of the Group during the half-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.

3. Review of operations for the half-year

For further commentary about the half-year accounts please refer to the attached covering letter.

4. Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the half-year.

5. Auditor's independence declaration under S307C of the *Corporations Act 2001*

The Auditor's independence declaration is included on page 2 of the half-year report.

Signed in accordance with a resolution of directors made pursuant to S306 (3) (a) of the *Corporations Act 2001*.



Riad Tayeh
Chairman

Sydney, 26 February 2021

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Kollakorn Corporation Limited for the half year ended 31 December 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

RSM

RSM AUSTRALIA PARTNERS

A handwritten signature in blue ink, appearing to read "G N Sherwood", with the initials "GNS" written to the right.

G N SHERWOOD
Partner

Sydney, NSW

Dated: 26 February 2021

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**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
KOLLAKORN CORPORATION LIMITED**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Kollakorn Corporation Limited ("the company") which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Kollakorn Corporation Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Kollakorn Corporation Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Basis for Qualified Conclusion

Carrying value of goodwill

As disclosed in Note 4, the consolidated entity's goodwill is carried at \$2,106,622 in the consolidated statement of financial position at 31 December 2020. We were unable to obtain sufficient appropriate audit evidence about the carrying amount of Kollakorn Corporation Limited's goodwill as at 31 December 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 3, the consolidated entity's investment in Kollakorn Co. Limited (Thailand) is carried at \$1,500,000 in the consolidated statement of financial position at 31 December 2020. 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 31 December 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.

Qualified Conclusion

Except for the adjustments to the half-year financial report that we might have become aware of had it not been for the situation described above, based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Kollakorn Corporation Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Material Uncertainty Related to Going Concern

We draw attention to Note 1(c) in the interim financial report, which indicates that the consolidated entity incurred a net loss of \$227,744 during the half year ended 31 December 2020. As at that date the Group's liabilities exceeded its assets by \$3,130,534. As stated in Note 1(c), these events or conditions, along with other matters as set forth in Note 1(c), 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.



RSM AUSTRALIA PARTNERS


G N SHERWOOD
Partner

Sydney, NSW
Dated: 1 March 2021

Directors' declaration
for the half-year ended 31 December 2020

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, *Australian Accounting Standard 134: Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to s303 (5)(a) of the *Corporations Act 2001*.

On behalf of the directors.



Riad Tayeh
Chairman

26 February 2021

**Consolidated statement of profit or loss and other comprehensive income
for the half-year ended 31 December 2020**

	Half-year ended 31 December 2020 \$	Half-year ended 31 December 2019 \$
Continuing operations		
Revenue from sale of goods	7,945	26,896
Other revenue	241,264	328,414
Expenses by function:-		
Administration and general	(456,337)	(377,623)
Finance costs	(15,318)	(25,982)
Foreign exchange gain/(loss)	277	764
Research and development	(5,575)	(2,750,000)
Loss before tax from continuing operations	(227,744)	(2,797,530)
Income tax benefit	-	-
Loss for the period from continuing operations	(227,744)	(2,797,530)
Net operating loss for the period	(227,744)	(2,797,530)
Other comprehensive income		
Items that will be reclassified subsequently to profit or loss when specific conditions are met:		
Exchange differences arising on translation of foreign operations	(5,480)	(6,090)
Other comprehensive income/(loss) for the period	(5,480)	(6,090)
Total comprehensive income/(loss) for the period	(233,224)	(2,803,620)
Loss attributable to:		
Members of the parent entity	(227,744)	(2,797,530)
Total comprehensive income/(loss) attributable to:		
Members of the parent entity	(233,224)	(2,803,620)
Earnings per share		
Basic (cents)	(0.09)	(1.20)
Diluted (cents)	(0.09)	(1.20)

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

**Consolidated statement of financial position
as at 31 December 2020**

	Note	31 December 2020 \$	30 June 2020 \$
Current Assets			
Cash and cash equivalents		192,191	148,483
Trade and other receivables	5	66,185	40,401
Other current assets		-	22,439
Total Current Assets		258,376	211,323
Non-Current Assets			
Intangible assets	4	2,106,622	2,106,622
Financial assets at fair value	3	1,500,000	1,500,000
Total Non-Current Assets		3,606,622	3,606,622
Total Assets		3,864,998	3,817,945
Current Liabilities			
Trade and other payables	6	206,436	207,737
Total Current Liabilities		206,436	207,737
Non-Current Liabilities			
Trade and other payables	6	6,789,096	6,507,518
Total Non-Current Liabilities		6,789,096	6,507,518
Total Liabilities		6,995,532	6,715,255
Net Liabilities		(3,130,534)	(2,897,310)
Equity			
Issued capital	7	57,037,351	57,037,351
Reserves	8	1,947,286	1,952,766
Accumulated losses		(62,115,171)	(61,887,427)
Total Equity/(Deficit)		(3,130,534)	(2,897,310)

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

**Consolidated statement of changes in equity
for the half-year ended 31 December 2020**

	Fully paid ordinary shares \$	Equity-settled employee benefits reserve \$	Foreign currency translation reserve \$	Options Reserve \$	Accumulated losses \$	Total \$
Balance at 1 July 2019	56,737,351	2,143,630	(302,795)	121,776	(58,117,685)	582,277
Loss for the period	-	-	-	-	(3,769,742)	(3,769,742)
Other comprehensive gain for the year, net of tax	-	-	(9,845)	-	-	(9,845)
Total comprehensive loss for the period	-	-	(9,845)	-	(3,769,742)	(3,779,587)
<i>Transactions with owners in their capacity as owners:</i>						
Issue of shares and options	300,000	-	-	-	-	300,000
Share-based payments	-	-	-	-	-	-
Balance at 30 June 2020	57,037,351	2,143,630	(312,640)	121,776	(61,887,427)	(2,897,310)
Balance at 1 July 2020	57,037,351	2,143,630	(312,640)	121,776	(61,887,427)	(2,897,310)
Loss for the period	-	-	-	-	(227,744)	(227,744)
Other comprehensive loss for the year, net of tax	-	-	(5,480)	-	-	(5,480)
Total comprehensive loss for the period	-	-	(5,480)	-	(227,744)	(233,224)
<i>Transactions with owners in their capacity as owners:</i>						
Issue of shares and options	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-
Balance at 31 December 2020	57,037,351	2,143,630	(318,120)	121,776	(62,115,171)	(3,130,534)

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

**Consolidated statement of cash flows
for the half-year ended 31 December 2020**

	Half-year ended 31 December 2020	Half-year ended 31 December 2019
	\$	\$
Cash flows from operating activities		
Receipts from customers	7,945	26,896
Payments to suppliers and employees	(208,950)	(173,064)
Government grants and tax incentives	244,823	-
	<hr/>	<hr/>
Net cash provided by/(used in) operating activities	43,818	(146,168)
	<hr/>	<hr/>
Cash flows from investing activities		
Interest received	4	18
	<hr/>	<hr/>
Net cash provided by investing activities	4	18
	<hr/>	<hr/>
Cash flows from financing activities		
Proceeds from the issue of shares	-	300,000
Repayment of borrowings	-	(126,000)
	<hr/>	<hr/>
Net cash provided by financing activities	-	174,000
	<hr/>	<hr/>
Net increase in cash and cash equivalents	43,822	27,850
Cash and cash equivalents at the beginning of the half-year	148,483	9,558
Effects of exchange rate changes on cash and cash equivalents	(114)	1,490
	<hr/>	<hr/>
Cash and cash equivalents at the end of the half-year	192,191	38,898
	<hr/>	<hr/>

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

Notes to the financial statements

Note 1: Summary of significant accounting policies

a) Basis of Preparation

These general purpose financial statements for the half-year reporting period ended 31 December 2020 (“the half-year”) have been prepared in accordance with Australian Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34: Interim Financial Reporting.

These financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements should be read in conjunction with the annual financial statements for the Group for the year ended 30 June 2020 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements, except in relation to the matters discussed below.

Critical Accounting Estimates and Judgments

The critical estimates and judgments are consistent with those applied and disclosed in the 30 June 2020 annual report.

b) New or Amended Accounting Standards and Interpretations

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 half-year 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.

c) 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 \$227,744 during the half year ended 31 December 2020. As at that date the group’s liabilities exceeded its assets by \$3,130,534.

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.

Notes to the financial statements (continued)

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.

Note 2: 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 half-year:

	AVI \$	Waste to Energy \$	Smart & Secure \$	Other segments \$	Total \$
31 December 2020					
Revenue					
Sales to external customers	7,945	-	-	-	7,945
Total segment revenue	7,945	-	-	-	7,945
Unallocated revenue					
Interest revenue					6
Total revenue					7,951
EBITDA	4,260	-	(1,022)	(460,493)	(457,255)
Depreciation and amortisation	-	-	-	-	-
EBIT	4,260	-	(1,022)	(460,493)	(457,255)
Other revenue					244,829
Finance costs					(15,318)
Loss for the year before tax					(227,744)
Loss for the year					(227,744)
Assets					
Segment assets	1,500,073	2,106,623	-	-	3,606,696
Unallocated assets					
Cash and cash equivalents					192,117
Trade and other receivables					66,185
Total assets					3,864,998

Notes to the financial statements (continued)

Liabilities

Segment liabilities	-	3,349,500	573,705	-	3,923,205
<i>Unallocated liabilities</i>					
Trade and other payables				2,865,891	3,072,327
Other financial liabilities					-
Total liabilities					<u>6,995,532</u>

Revenue reported above represents revenue from external customers. There were no inter-segment sales in the year (2020: \$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.

31 December 2019	AVI \$	Waste to Energy \$	Smart & Secure \$	Other segments \$	Total \$
Revenue					
Sales to external customers	26,896	-	-	-	26,896
Total segment revenue	26,896	-	-	-	26,896
<i>Unallocated revenue</i>					
Interest revenue					250
Total revenue					<u>27,146</u>
EBITDA	26,896	(2,750,000)	-	(376,798)	(3,099,962)
Depreciation and amortisation	-	-	-	-	-
	26,896	(2,750,000)	-	(376,798)	(3,099,962)
Other revenue					328,414
Finance costs					(25,982)
Share of loss from associates					-
Loss before income tax expense					<u>(2,797,530)</u>
Loss after income tax expense					<u>(2,797,530)</u>
Assets					
Segment assets	1,503,937	122,378	-	1,980,741	3,607,056
<i>Unallocated assets</i>					
Cash and cash equivalents					38,465
Trade and other receivables					508,634
Total assets					<u>4,154,155</u>
Liabilities					
Segment liabilities	-	2,915,000	-	2,917,748	5,832,748
<i>Unallocated liabilities</i>					
Trade and other payables					242,749
Other financial liabilities					-
Total liabilities					<u>6,075,497</u>

The revenue reported above represents revenue generated from external customers. There were no intersegment sales during the period.

Segment profit / (loss) represents the profit / (loss) earned by each segment without allocation of central administration costs and directors' salaries, share of profits of associates, investment revenue and finance costs, income tax expense, and gains or losses on disposal of associates and discontinued operations. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Notes to the financial statements (continued)

Geographical information

	Sales to external customers		Geographical non-current assets	
	31 December 2020	30 June 2020	31 December 2020	30 June 2020
	\$	\$	\$	\$
Thailand	-	-	1,500,000	1,500,000
China	-	-	2,106,622	2,106,622
Other	7,945	26,896	-	-
	7,945	26,896	3,606,622	3,606,622

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

Note 3. Financial assets at fair value through other comprehensive income

	31 December 2020	30 June 2020
Unlisted ordinary shares Kollakorn Co., Ltd	1,500,000	1,500,000
	1,500,000	1,500,000

Refer below for further information on fair value measurement.

1. Fair Value measurement

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
	\$	\$	\$	\$
<i>Assets</i>				
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
	\$	\$	\$	\$
<i>Assets</i>				
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.

Note 4. Intangible assets

	31 December 2020	30 June 2020
	\$	\$
Goodwill	2,106,622	2,106,622

Reconciliation of the written down value at the beginning and end of the half-year

	Total
	\$
Balance at 1 July 2020	2,106,622
Acquisition of subsidiary	-
Amortisation expense	-
Balance at 31 December 2020	2,106,622

Notes to the financial statements (continued)

Note 5. Trade and other receivables

	31 December 2020	30 June 2020
	\$	\$
<i>Current</i>		
<i>Other receivables</i>		
GST Receivable	18,700	-
Other Debtors	47,485	40,401
Total Trade and other receivables	66,185	40,401

Note 6. Trade and other payables

	31 December 2020	30 June 2020
	\$	\$
<i>Current</i>		
Trade payables	189,936	180,237
<i>Other payables</i>		
Accrued expenses	16,500	27,500
Total other payables	206,436	207,737
Total current payables	206,436	207,737
<i>Non-Current</i>		
Trade and other payables		
Related Party Payables	2,422,835	2,156,574
Subject to Successful Financial Close	3,923,205	3,923,205
Sealy Consulting Pty Ltd	443,056	427,739
Total trade and other payables	6,789,096	6,507,518

- (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

Note 7. Issued capital

	31 December 2020	30 June 2020	31 December 2020	30 June 2020
	#	#	\$	\$
Ordinary shares	240,822,940	240,822,940	57,037,351	57,037,351
Performance shares	-	74,999,999	-	-
	240,822,940	315,822,939	57,037,351	57,037,351

Ordinary shares

Ordinary shares entitled 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, shall have one vote and upon a poll each share shall have one vote.

Performance shares

Following approval from shareholders at the Annual 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 Ltd at \$0.08 per share (post consolidation value) as consideration for the acquisition of 100% of the issued share capital of Isity Global Pte Ltd. These 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.

Notes to the financial statements (continued)

As the Performance Milestones were not met within 3 months of the Conversion Date (“**Conversion Period**”) the Performance Shares were cancelled as at 30 September 2020.

Note 8. Reserves

As at 31 December 2020, reserves comprise:

- equity-settled employee benefits reserve;
- foreign currency translation reserve; and
- options reserve.

Note 9. Contingent liabilities

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

Note 10. Events subsequent to reporting date

The following matters or circumstances have arisen since 31 December 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 impact of the shutdown in Asia continues to affect 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.

Note 11. Interest in subsidiaries

Set out below are the Group’s subsidiaries at 31 December 2020. The subsidiaries listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by the Group. Each subsidiary’s country of incorporation or registration is also its principal place of business.

Subsidiaries’ financial statements used in the preparation of these financial statements have also been prepared as at the same reporting date as the Group’s financial statements.

Name		Principal Place of Business / Country of Incorporation	Ownership interest	
			2020 %	2019 %
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)	(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.