frugl group limited

(formerly Family Insights Group Limited)

APPENDIX 4E

Preliminary final report for the year ended 30 June 2020 as required by ASX listing rule 4.3A.

RESULTS FOR ANNOUNCEMENT TO THE MARKET

(All comparisons to year ended 30 June 2020)	$	Up/down	Movement %
Revenues from ordinary activities	821,432	down	33.45%
Loss from continuing operations after tax	(4,152,966)	up	31.31%
Profit from discontinued operations after tax	1,618,060	up	100.00%
Net loss for the year attributable to members	(2,534,906)	down	20.47%

DIVIDEND INFORMATION

No dividends were paid or proposed for the current or previous corresponding period. On 31 August 2019, the Directors resolved not to declare an interim or final dividend for the year ended 30 June 2020.

	30 June 2020	30 June 2019
Net tangible assets per security – continuing	(0.065)	(0.0012)
Net tangible assets per security – discontinued	0.0255	-

UNAUDITED PRELIMINARY FINAL REPORT

Additional Appendix 4E disclosure requirements can be found in the notes to the 2020 Frugl Group Limited (formerly Family Insight Group Limited) Consolidated Financial Statements and in the Director's Comments attached thereto.

The financial information provided in the Appendix 4E is based on the preliminary final report which has been prepared in accordance with Australian Accounting Standards.

The financial report for the year ended 30 June 2020 is in the process of being audited and Frugl Group Limited will release audited financial statements on/or before 30 September 2020.

PRELIMINARY FINANCIAL REPORT

for the year ended 30 June 2020

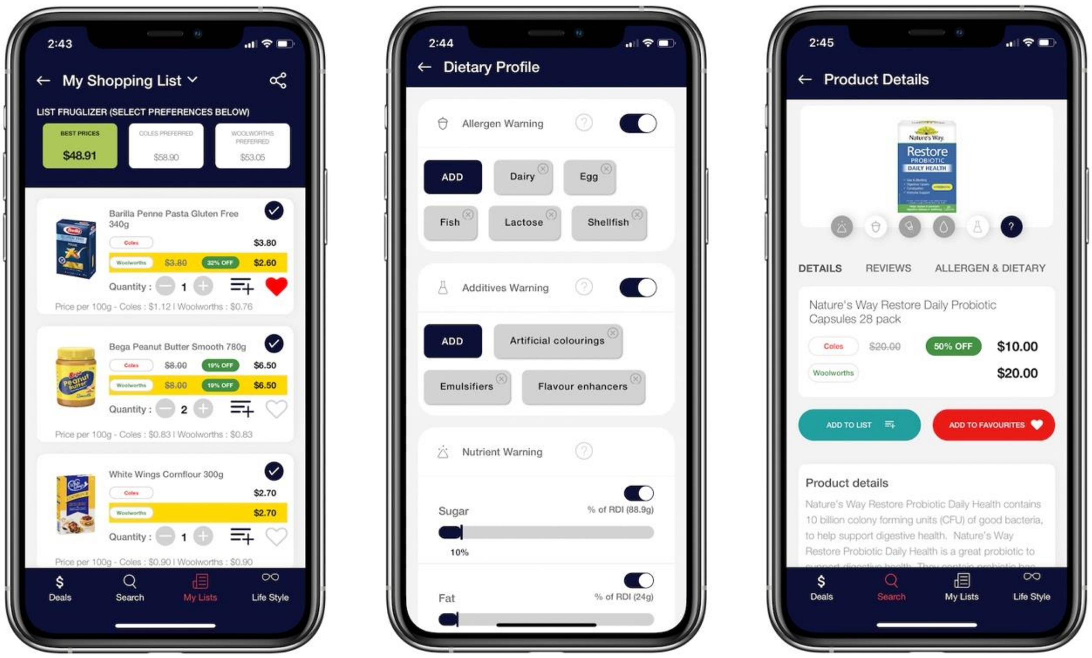
DIRECTORS' COMMENTS

Frugl Group Limited (**Company**), previously named Family Insights Group Limited, is please to present its Preliminary Final Report for the year ended 30 June 2020 (**Period**).

PRINCIPLE ACTIVITIES

The Company has developed technologies that incorporate real-time data capture, cloud-based storage and advanced cloud-based data analytics. Data intelligence generated is utilised to power useful consumer mobile applications as well as business intelligence and analytics capabilities.

During the Period the Company focused activities on development of its mobile application Frugl Grocery (**FG**), a grocery comparison application that not only allow families and other shoppers to find the best prices across major supermarket retailers for the weekly shopping basket, but introduces tools to help shoppers optimise their shopping lists for health and wellness, incorporating allergens, ingredients and nutritional value into profile based alerts and warnings.



The four key focus areas of development on FG were data warehouse architecture, data collation capabilities, mobile app design and business development.

In addition, the Company developed a Grocery Pricing & Promotion Analytics Platform utilising data collated since May 2019, with advanced product, category and retail supplier analytics capabilities in readiness for deployment with retail clients.

In order to accelerate future Company revenue growth, the Family Insights child protection application and content hub have been given minimal development focus to allow a major focus of resources on the development of FG.

OPERATIONS UPDATE

Following a review of future data storage and analytics requirements in parallel with a review of currently available data warehouse platforms, the Company commenced the design and build of its data infrastructure utilising the Snowflake data warehouse platform on cloud-based Amazon Web Services (**AWS**) infrastructure.

Snowflake is a data warehouse solution built specifically for cloud-based handling of structured and semi-structured data, offering full integration with AWS, and utilising separated storage and processing performance configurations making it easier, faster and cheaper to configure than other data warehouse platforms as our data requirements develop in the future.

Snowflake is also fully compatible with downstream analytics and Business Intelligence tools from multiple vendors including PowerBI and Tableau, both heavily used in the retail sector. Furthermore, Snowflake allows the Company to harness machine learning techniques to further enhance app-based user experiences and broaden analytics capabilities.

The Company also continued to develop its data acquisition capabilities with full product, pricing, promotional, nutritional and catalogue data from three major grocery retailers (localised by state and region) being collated on an ongoing basis.

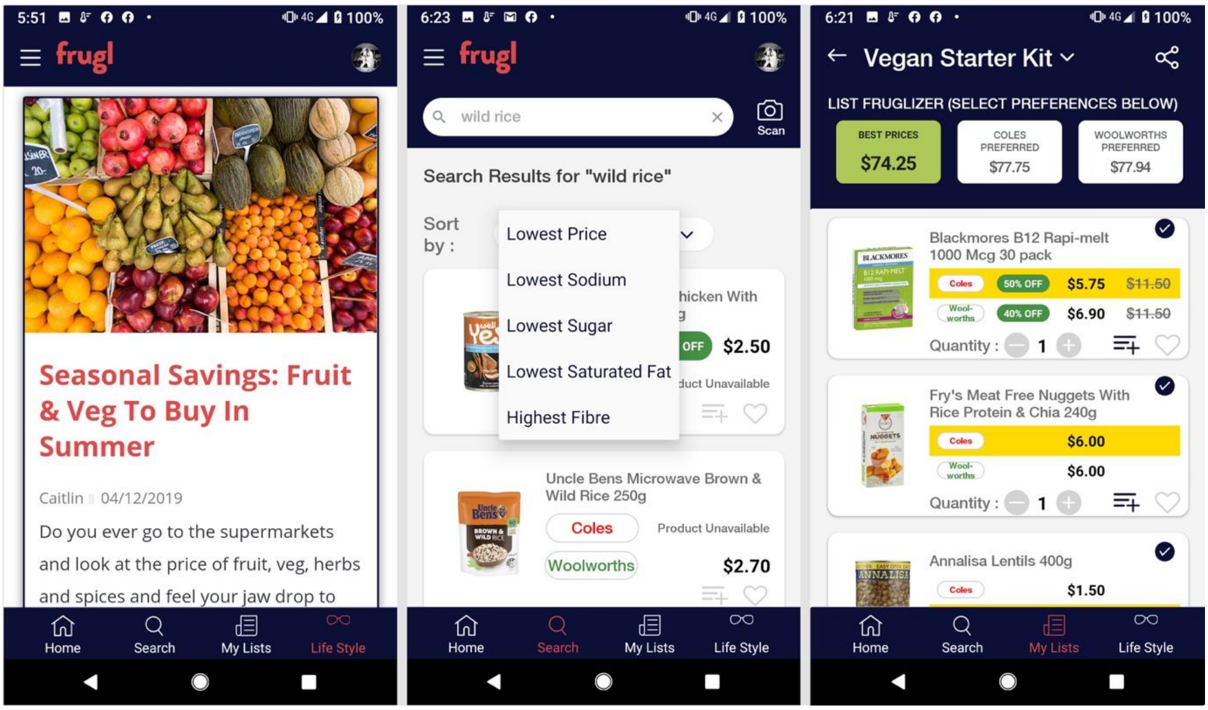
The Frugl Grocery mobile application is a supermarket comparison engine that allows shoppers to compare products across Woolworths and Coles supermarkets, create brand-specific shopping lists and optimise shopping lists by cheapest prices.

In addition, the Company is overlaying wellness tools for shoppers to enable them to compare products and optimise shopping lists by nutritional value, ingredient listings, allergen inclusions, health ratings and product sustainability.

Company resources were focused on customer research and design of FG, with core functional specifications developed alongside shopper insight collation and data intelligence developed via ongoing grocery data collation.

On 24 October 2019, the Company announced it had completed development of a limited-dataset Proof of Concept version of its FG mobile application and was continuing development of the beta release for iOS and Android users.

On 19 December 2019, the Company announced it had begun User Acceptance Testing (**UAT**) within its live production environment for both Android and iOS versions of FG, enabling real time testing of FG in preparation for a public release in the following quarter.



The Company also announced on 19 December 2019, its development of a Grocery Pricing & Promotions Analytics platform, Infocus Analytics (**IA**), an advanced product, category and retailer analytics platform utilising retail data collected commencing May 2019.

On 31 January 2020 the Company gave investors an update detailing the ongoing UAT testing of IG in readiness for its public launch in February.

On 11 February 2020, the Company announced the public launch of Version 1.0 of Frugl Groceries on both iOS and Android platforms. The Group included details of future additional features to be added to the development roadmap to continue FG's development, including:

- Filtering by specific diets
- Additive pop-ups with descriptions
- Advanced 'Sort By' and 'Filter By' functionality
- Enhancements to the Product Search capability
- Addition of pre-curated, sharable featured lists to drive user growth
- Shopper product reviews

On 9 March 2020 the Company announced a non-binding Memorandum of Understanding with leading data intelligence company **Invigor Group** (**ASX:IVO**) to explore co-developed analytics and data solutions for BB customers.

On 2 April 2020 the Company announced Austerity Measures and a Company Restructure to reduce costs in response to the emerging Covid-19 pandemic and the resultant poor prevailing economic conditions. The measures reduced monthly costs by circa $90,000 and included the following measures:

- Reduced permanent headcount by 57%
- A move to on-demand delivery of product and software development, technology support and marketing services
- Reduced overall occupancy and administrative costs in-line with staffing reductions
- Negotiated salary deferrals with Company employees and Directors

Despite the poor economic conditions expected, the Company detailed how the combination of poor future economic conditions, rising unemployment and increases in online shopping demand would create strong future growth conditions for FG.

On 29 June 2020 the Australian Securities and Investment Commission (**ASIC**) recorded the the Company's change of name from **Family Insights Group Limited** (**ASX:FAM**) to **Frugl Group Limited** (**ASX:FGL**), after shareholders approved the name change at a shareholder meeting held on 16 March 020. The Company announced the name change to the market on 2 July 2020.

FINANCIAL UPDATE

The Company announced on 30 July 2019 it had entered into a loan facility agreement (**Loan** agreement) with Rocking Horse Pty Ltd (**Rocking Horse**) (**Lender**), an unrelated entity of the Company, for the amount of $500,000 (**Loan**). As part of the Loan Agreement, the total amount drawn down under the Loan will be repaid with, and following receipt of, the 2019 financial year Research & Development Rebate.

On 1 July 2019, the Company lodged its Notification of Consolidation/Split with the ASX. The Company received shareholder approval at its general meeting held 5 August 2019 to perform a consolidation on a 1:50 basis.

On 6 September 2019, the Compny announced it had received a Research and Development Tax Incentive Scheme cash rebate (**R&D Refund**) from the Australian Tax Office of $846,972 for the financial year ending 30 June 2019. Following receipt of the R&D Refund, the Group repaid the Loan to Rocking Horse.

On 1 October 2019 and 4 October 2019 respectively, Mathew Walker and Jonathon Wild signed letters of deferral of director fees, to defer all accrued fees of service from 1 October 2019 (earlier amounts to 30 September 2019 having been paid in full) until the completion of a capital raising of not less than $1,000,000.

On 4 October 2019, Cicero Corporate Services Pty Ltd signed a letter of deferral for corporate administration fees dated 4 October 2019, to defer the corporate administration fees accruing from their services from 1 October 2019 for financial reporting, company secretarial services, rental expense and administrative services (earlier amounts to 30 September 2019 having been paid in full) until the completion of a capital raising of not less than $1,000,000.

On 16 October 2019, a binding loan facility agreement was entered into with Mathew Walker for up to $600,000, available on call, unsecured, interest fee and repayable on the earlier of 31 October 2020 and the completion of a capital raising of not less than $1,000,000. If the Director loan remain unpaid at 31 October 2020, the loan will continue to roll on a quarterly basis until the capital raising has been completed.

On 31 January 2020 the Company announced the outcome of a Q2 review of Company costs and initiated a cost consolidation program to reduce ongoing operational costs of circa $80,000 per quarter whilst allowing the core Company focus to continue on the development of FG.

The Company also announced that it had entered into a binding local facility agreement with Mathew Walker, a Company director, for up to $600,000, available on call, unsecured, interest free and repayable on 1 October 2020. The loan facility was subsequently varied up to $700,000 with all other terms remaining the same. The Company has not drawn down on this loan.

CHANGES TO SECURITIES

On 11 December 2019, the Company completed a placement issue of 16,000,000 fully paid ordinary shares at an issue price of $0.062 per Placement Share to subscribers set out in the announcement of that date, to raise $1,000,000 before costs.

On 6 May 2020 the Company announced that a non-renounceable entitlement issue on a 1 for basis at $0.02 per fully paid ordinary shares, to raise up to $660,000 before costs, had closed oversubscribed to existing shareholders.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 1 July 2020, the Company announced it had successfully completed a commercial retail data project with Millell Pty Ltd (trading as **Pet Circle**), Australia's leading online Pet Supplies company.

On 7 August 2020 the Company announced it had completed Version 2.0 of FG which was undergoing beta testing in readiness for launch in the current quarter.

On 7 August 2020 the Company also announced that a redundant company subsidiary, Frugl (Australia) Pty Ltd (ACN 167 770 425) (**Subsidiary**), which had been in a dispute with a former Subsidiary employee and carried potential liabilities as a result of the dispute of an estimated $210,000, would following a shareholder meeting of the Subsidiaries shareholders resolve to place itself into liquidation. Subsequently Greg Dudley and Jerome Mohen of RSM Australia Partners were appointed liquidators of the Subsidiary at 14:15 WST that day.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the financial year ended 30 June 2020

	Notes	UNAUDITED 2020 $	AUDITED 2019 $
Continuing operations			
Revenue from contracts with customers	3	13,079	10,887
Interest income		1,299	7,305
R&D Tax Rebate		614,123	673,234
Other income		101,270	794
Reversal of prior period impairment		91,661	542,081
Research and development costs, materials and consultants		(102,611)	(525,108)
Directors' fees, salaries, superannuation and consulting expenses		(491,754)	(562,183)
Depreciation expenses		(57,749)	(78,563)
Public company costs, fees, share registry, shareholder expenses		(64,200)	(91,098)
Occupancy expenses		(31,119)	(66,360)
Employee expenses		(830,098)	(1,277,425)
Legal fees		(128,086)	(104,750)
Audit fees		(59,352)	(52,540)
Insurances		(36,978)	(36,712)
Interest expenses		(10,928)	(19,035)
Foreign exchange gain/(loss)		-	5,751
Other expenses from ordinary activities		(95,446)	(251,136)
Corporate fees		(51,983)	(120,000)
Share-based payments		(159,441)	(323,811)
Impairment expense – goodwill		-	(622,699)
Impairment expense – development costs		(1,078,644)	(287,100)
Impairment expense – trade receivable		(140,149)	(4,185)
Loss before income tax expense		**(2,517,106)**	**(3,182,653)**
Income tax (benefit)/expense		-	-
Loss after income tax expense from continuing operations		(2,517,106)	(3,182,653)
(Loss)/profit after income tax expense from discontinued operations		-	-
Loss after income tax expense for the year attributable to the owners of the Company		**(2,517,106)**	**(3,182,653)**
Other comprehensive income, net of tax:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(17,800)	(4,772)
Total comprehensive loss for the year		**(2,534,906)**	**(3,187,425)**
Loss for the year attributable to Owners of the Company:			
- from continuing operations		(2,517,106)	(3,157,934)
- from discontinued operations		1,618,060	-
Loss attributable to non-controlling interests		-	(24,719)
		(899,046)	**(3,182,653)**
Total comprehensive loss for the year is attributable to:			
Owners of the Company			
- from continuing operations		(4,152,966)	(3,162,706)
- from discontinued operations		1,618,060	-
Loss attributable to non-controlling interests		-	(24,719)
		(2,534,906)	**(3,187,425)**
Loss per share from continuing operations			
Basic and diluted loss per share (cents per share)	4	(0.04)	(0.002)
Loss per share from discontinued operations			
Basic and diluted loss per share (cents per share)	4	-	-

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes, which form an integral part of the preliminary financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2020

	Notes	UNAUDITED 2020 $	AUDITED 2019 $
Current assets			
Cash and cash equivalents	11	329,113	192,653
Trade and other receivables	5	73,859	82,582
Total current assets		402,972	275,235
Total assets		**402,972**	**275,235**
Liabilities			
Current liabilities			
Trade and other payables	8	221,798	576,751
Employee entitlements		61,698	77,521
Borrowings		195,600	-
Total current liabilities		479,096	654,272
Non-current liabilities			
Contingent consideration		-	550,333
Total non-current liabilities		-	550,333
Total liabilities		**479,096**	**1,204,605**
Net liabilities		**(76,124)**	**(929,370)**
Equity			
Issued capital	9	32,244,951	30,659,019
Reserves	10	1,664,485	1,522,844
Accumulated losses	9	(33,985,560)	(33,086,514)
Non-controlling interest		-	(24,719)
Total equity		**(76,124)**	**(929,370)**

The Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes, which form an integral part of the preliminary financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 30 June 2020

	Share Capital $	Option Premium Reserve $	Performance Share Reserve $	Foreign Currency Translation Reserve $	Accumulated Losses $	Non-Controlling Interests $	Total $
AUDITED							
Balance as at 1 July 2018	28,375,771	75,508	434,485	22,572	(29,257,340)	-	(349,004)
Consolidated loss for the year	-	-	-	-	(3,157,934)	(24,719)	(3,182,653)
Foreign currency translation effect	-	-	-	(4,772)	-	-	(4,772)
Total comprehensive income for the year	-	-	-	**(4,772)**	**(3,157,934)**	-	**(3,187,425)**
Shares/Options issued during the year	2,599,065	323,811	-	-	-	-	2,922,876
Share/Option issue costs	(315,817)	-	-	-	-	-	(315,817)
Reversal of Options lapsed during previous periods	-	671,240	-	-	(671,240)	-	-
Balance as at 30 June 2019	**30,659,019**	**1,070,559**	**434,485**	**17,800**	**(33,086,514)**	**(24,719)**	**(929,370)**
UNAUDITED							
Balance as at 1 July 2019	30,659,019	1,070,559	434,485	17,800	(33,086,514)	(24,719)	(929,370)
Consolidated loss for the year	-	-	-	-	(2,517,106)	-	(2,517,106)
Foreign currency translation effect	-	-	-	(17,800)	-	-	(17,800)
Total comprehensive income for the year	**-**	**-**	**-**	**(17,800)**	**(2,517,106)**	**-**	**(2,534,906)**
Shares/Options issued during the year	1,660,000	159,441	-	-	-	-	1,819,441
Share/Option issue costs	(74,068)	-	-	-	-	-	(74,068)
Discontinuation of subsidiaries	-	-	-	-	1,618,060	24,719	1,642,779
Balance as at 30 June 2020	**32,244,951**	**1,230,000**	**434,485**	**-**	**(33,985,560)**	**-**	**(76,124)**

The Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes, which form an integral part of the preliminary financial report.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the financial year ended 30 June 2020

	Notes	UNAUDITED 2020 $	AUDITED 2019 $
Cash flows from operating activities			
Payments to suppliers and employees		(1,148,812)	(3,174,262)
Receipts from customers	3	13,079	11,871
Interest received	3	1,299	7,305
Interest paid		(10,928)	(19,035)
R&D Tax Rebate		809,723	1,215,315
Other income		101,270	-
Net cash used by operating activities		(234,369)	(1,958,806)
Cash flows from investing activities			
Payments for property, plant and equipment		-	(22,179)
Acquisition of Frugl, net of cash acquired		-	(105,935)
Payments for intangible assets; R&D costs	7	(1,078,644)	(287,100)
Net cash used by investing activities		(1,078,644)	(415,214)
Cash flows from financing activities			
Proceeds from issues of shares	9	1,660,000	2,599,065
Payments of share issue costs		(74,068)	(315,817)
Net cash generated by financing activities		1,781,532	2,283,248
Net decrease in cash and cash equivalents		**272,919**	**(90,772)**
Cash and cash equivalents at the beginning of the year		192,653	288,197
Foreign exchange effects		(136,459)	(4,772)
Cash and cash equivalents at the end of the year	11	**329,113**	**192,653**

The Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes, which form an integral part of the preliminary financial report.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2020

1. GENERAL INFORMATION

Frugl Group Limited (the Company and controlled entities) is a limited company incorporated in Australia. The principal activity in the course of the financial year was the development, compliance and commercialisation of the Family Insights Application and the Frugl Website.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

These unaudited preliminary consolidated financial statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and Interpretations, and comply with other requirements of the law.

The financial statements comprise the unaudited preliminary consolidated financial statements of the Company and its controlled entities (collectively the Group).

The financial statements were authorised for issue by the directors on 31 August 2020.

2.1. BASIS OF PREPARATION

The financial statements comprise the unaudited preliminary consolidated financial statements of the Group. For the purposes of preparing the unaudited preliminary consolidated financial statements, the Group is a for-profit entity. Material accounting policies adopted in the preparation of these financial statements are presented below. They have been consistently applied unless otherwise stated.

2.1.1. Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (**AASB**) and International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board (**IASB**), and the *Corporations Act 2001* (Cth).

Australian Accounting Board Standards (**AASBs**) set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with AASBs ensures that the financial statements and notes also comply with IFRS as issued by the IASB.

2.1.2. Financial position

The Directors have reviewed the business outlook and cash flow forecasts and are of the opinion that the use of the going concern basis of accounting is appropriate as the Directors believe the Group will be able to pay its debts as and when they fall due.

The financial statements are normally prepared on the assumption that the Group is a going concern and will continue in operation for the foreseeable future. Hence, it is assumed that the Group has neither the intention nor the need to liquidate or curtail materially the scale of its operations; if such an intention or need exists, the financial statements may have to be prepared on a different basis, and, if so, the basis used is disclosed.

The Statement of Comprehensive Income shows the Group incurred a net loss of $899,046 (2019: $3,182,652) during the year ended 30 June 2020 which included a reversal of impairment to capitalised development expenditure of $91,661 (2019: $542,081).

The Statement of Financial Position as at 30 June 2020 shows that the Company had cash and cash equivalents of $329,113 (30 June 2019: $192,653) and a net current liability position of $76,124 (30 June 2019: $929,370 net current liability).

Under the Research and Development Tax Incentive Scheme, the Company is eligible to receive a cash rebate of up to 43.5% of the Group's development expenditure. Previous cash rebates for the years ended 30 June 2018 and 30 June 2019 have been $1,198,899 and $1,215,315 respectively. The Company is expecting to receive a refund for the 30 June 2020 year within this range.

The board has reviewed the Group's financial position and forecast cash flows and have assessed that the Group will be required to raise additional funds by way of issuing equity or other alternative funding arrangements.

The directors reasonably expect that the Group will be able to meet future costs associated with its operating and development activities for at least the next 12 months. The directors are therefore of the opinion that the use of the going concern basis is appropriate in the circumstances.

Should the Group not be successful in obtaining adequate funding, there is material uncertainty as to the ability of the Group to continue as a going concern and it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the group be unable to continue as a going concern and meet its debts as and when they fall due.

2.1.3. Use of estimates and judgments

The preparation of unaudited preliminary consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

2.2. PRINCIPLES OF CONSOLIDATION

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the unaudited preliminary consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the Consolidated Group during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

2.2.1. Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with another entity and has the ability to affect those returns through its power over the entity.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquisition; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree;
  less
- the net recognised amount of the identifiable assets acquired, and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss. The consideration transferred does not include amounts related to settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured, and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

2.2.2. Subsidiaries

Subsidiaries are entities controlled by the Company. The financial statements of subsidiaries are included in the unaudited preliminary consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Company. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

2.2.3. Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

2.2.4. Transactions eliminated on consolidation

All intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the unaudited preliminary consolidated financial statements.

2.2.5. Foreign currency transactions and balances

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The unaudited preliminary consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the profit or loss except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the gain or loss is directly recognised in other comprehensive income, otherwise the exchange difference is recognised in the profit or loss.

Group companies and foreign operations

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the profit or loss in the period in which the operation is disposed.

2.3. SEGMENT REPORTING

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' results are regularly reviewed by the Group's Managing Director to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3. REVENUE

3.1. REVENUE FROM CONTINUING OPERATIONS

	UNAUDITED 2020 $	AUDITED 2019 $
Revenue from sale, distribution and marketing of cyber safety and grocery comparison products	11,136	6,502
Revenue from book sales	1,943	4,385
	13,079	10,887

4. LOSS PER SHARE

4.1. BASIC LOSS PER SHARE

	UNAUDITED 2020 CENTS PER SHARE	AUDITED 2019 CENTS PER SHARE
From continuing operations	(0.065)	(0.002)
From discontinued operations	0.0255	-
Total basic loss per share	(0.04)	(0.002)

The loss and weighted average number of ordinary shares used in the calculation of basic loss per share are as follows:

	UNAUDITED 2020 $	AUDITED 2019 $
Loss for the year from continuing operations	(2,517,106)	(3,157,934)
Loss for the year	(2,517,106)	(3,157,934)

	UNAUDITED 2020 NO.	AUDITED 2019 NO.
Weighted average number of post-consolidated ordinary shares for the purposes of basic loss per share	99,000,000	50,000,000

4.2. DILUTED LOSS PER SHARE

The following potential ordinary shares are anti-dilutive and are therefore excluded from the weighted average number of ordinary shares for the purposes of diluted loss per share:

	UNAUDITED 2020 NO.	AUDITED 2019 NO.
Listed options exercisable at $0.50 on or before 30 June 2021	23,048,883	23,048,883
Unlisted options exercisable at $0.15 on or before 30 June 2022	11,000,000	-

5. CURRENT TRADE AND OTHER RECEIVABLES

	UNAUDITED 2020 $	AUDITED 2019 $
Trade debtors	-	1,900
Provision for impairment	-	(1,900)
Sundry debtors and prepayments	73,859	82,582
	73,859	82,582

Trade receivable are non-interest bearing and generally on terms of 14-60 days. Other than those receivables fully provided for, all receivables are considered fully recoverable.

Trade receivables past due but not impaired

There were no other trade receivables past due but not impaired (2019: $NIL).

Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

6. INTANGIBLE ASSETS

6.1. INTANGIBLE ASSETS CARRYING BALANCE:

	UNAUDITED 2020 $	AUDITED 2019 $
Technology rights at cost	500,000	500,000
Capitalised patent expenditure at cost	548,022	548,022
Accumulated amortisation – technology rights and patent	(425,759)	(425,759)
Amount written off – technology rights and patent	(622,263)	(622,263)
	-	-
Licence and know-how at cost	400,100	400,100
Accumulated amortisation – licence	(140,000)	(140,000)
Amount written off – licence	(260,100)	(260,100)
	-	-
Goodwill at cost	672,697	672,697
Amount written off – goodwill	(672,697)	(672,697)
	-	-
Assets acquired on acquisition of NexGen Networks Limited	6,086,956	6,086,956
Assets acquired as part of B Class shareholders interest	3,116,929	3,116,929
Amount written off – asset acquisition	(9,203,885)	(9,203,885)
	-	-

7. CAPITALISED DEVELOPMENT COSTS

	UNAUDITED 2020 $	AUDITED 2019 $
Software development costs capitalised, opening net book value		-
Capitalised expenditure during the period	1,078,644	287,100
Reversal of software development costs[i]	(91,661)	(542,081)
Reversal of software development impairment[i]	91,661	542,081
Impairment of software development costs	(1,078,644))	(287,100)
Software development costs capitalised, closing balance		-

(i) *As per the Group account policy, cash inflows from the Research and Development Tax Incentive Scheme are credited against where the original expenditure was allocated. As a result of the cash inflow of $809,723 million received in the year ended 30 June 2020, $91,661 was credited against the original capitalised expenditure. As the original capitalised expenditure had been fully impaired in prior years, a reversal of impairment to the amount $91,661 was recognised in the current year.*

7.1. CAPITALISED DEVELOPMENT COSTS CARRYING BALANCE:

	UNAUDITED 2020 $	AUDITED 2019 $
Software development costs	3,111,358	2,992,245
Accumulated impairment of software development costs	(3,111,358)	(2,992,245)
Capitalised expenditure as at year end	51,456	51,456
Impairment of software development costs	(51,456)	(51,456)
	-	-

During the period, $119,114 was recognised as a provision for impairment on capitalised development costs. This was based on a conservative review of the recoverable value of the relevant assets using a value-in-use model. Based on a 5-year present value net cash flow, the asset was deemed to have a carrying value of approximately nil as at 30 June 2020. Therefore, a full impairment has been recognised. The key assumptions for the value-in-use models were; Forecasted revenue generated from developed forecasted development costs and ongoing support costs of technologies, forecasted staff costs associated with developing and marketing of technologies and providing technical support to users, forecasted marketing costs of technologies and a discount rate of 13.8%.

8. TRADE AND OTHER PAYABLES

	UNAUDITED 2020 $	AUDITED 2019 $
Current		
Unsecured trade creditors	101,104	213,934
Sundry creditors and accruals	120,694	362,817
	221,798	576,751

9. ISSUED CAPITAL

	UNAUDITED 2020 $	AUDITED 2019 $
99,000,000 fully paid ordinary shares (2019: 50,000,000)	32,244,951	30,659,019

9.1. FULLY PAID ORDINARY SHARES

	UNAUDITED 2020		AUDITED 2019	
	No.	$	No.	$
Balance at beginning of year	50,000,000	30,659,019	27,044,747	28,375,771
Shares issued	49,000,000	1,660,000	22,955,253	2,599,065
Share issue costs	-	(74,068)	-	(315,817)
Balance at end of year	99,000,000	32,244,951	50,000,000	30,659,019

Fully paid ordinary shares carry one vote per share and carry the right to dividends. Ordinary shares participate in the proceeds on winding up of the Group in proportion to the number of shares held. Ordinary shares have no par value.

All references to securities in the Group have been reported on a pre-consolidation basis.

10. RESERVES

	UNAUDITED 2020 $	AUDITED 2019 $
Option reserve balance at beginning of year	1,070,559	75,508
Options issued during the year	159,243	323,811
Reversal of options lapse during previous periods	-	671,240
Option reserve balance at end of the financial year	1,230,000	1,070,559

The reserve arises on the grant of share options to executives, employees, consultants and advisors. They also arise upon issue of options to shareholders or buyers. Amounts are transferred out of reserve and into accumulated losses when options expire or lapse.

Performance share reserve balance at beginning of year	434,485	434,485
Performance share converted during the year	-	-
Performance share reserve balance at end of the financial year	434,485	434,485

The reserve arises on the on the grant of performance shares to A Class Share vendors, consultants and advisors. As at 30 June 2020 none of the Company's performance shares had been issued. Amounts will be transferred out of reserve and into accumulated losses when performance shares expire or lapse.

11. CASH AND CASH EQUIVALENTS

For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows:

	UNAUDITED 2020 $	AUDITED 2019 $
Cash and cash equivalents	329,113	192,653

12. DISCONTINUED OPERATIONS

During the period, the Group confirmed that it had deregistered is wholly owned subsidiary in New Zealand, VTX Holdings Pte. Ltd due to inactivity. Furthermore, subsequent to the end of the period the Company announced that a redundant subsidiary, Frugl (Australia) Pty Ltd, which had been in a dispute with a former employee and carried potential liabilities as a result of the dispute of an estimated $210,000, would, following a shareholder meeting of the Subsidiaries shareholders, resolve to place itself into liquidation. Subsequently Greg Dudley and Jerome Mohen of RSM Australia Partners were appointed liquidators. As such the Group has also treated Frugl (Australia) Pty Ltd, as a discontinued operation as at 30 June 2020.

12.1. RESULTS OF DISCONTINUED OPERATIONS

	UNAUDITED NEXGEN NETWORKS PTY LTD $	UNAUDITED FRUGL (AUSTRALIA) PTY LTD $
Revenue		
Income	(394,420)	24,175
Expenses	216,056	306,892
Profit/(loss) before income tax	(178,364)	331,068
Income tax (benefit)/expense	-	-
Profit/(loss) after tax from discontinued operations	(178,364)	331,068
Assets and liabilities of discontinued operations		
Assets	-	558,227
Liabilities	-	1,212,537
Total assets and liabilities of discontinued operations	-	1,770,763
Net Assets	(178,364)	(1,439,696)
Cash flows of discontinued operations		
Net cash from/(used in) operating activities	(178,364)	(1,439,696)
Net cash from investing activities	-	-
Net cash from/(used in) financing activities	-	-
Net cash flows for the year	(178,364)	(1,439,696)

13. SEGMENT INFORMATION

The Group identifies its operating segments based on the internal reports that are reviewed and used by the Board of directors (chief operating decision maker) in assessing performance and determining the allocation of resources.

The Group operates primarily in development and commercialisation of the Family insights Application and Wangle Application. The unaudited preliminary financial information presented in the consolidated statement of comprehensive income and the consolidated statement of financial position is the same as that presented to the chief operating decision maker.

Unless stated otherwise, all amounts reported to the Board of directors as the chief operating decision maker is in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

(a) This Appendix 4E has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

(b) This Appendix 4E, and the accounts upon which the Appendix 4E is based (if separate), use the same accounting policies.

(c) This Appendix 4E does give a true and fair view of the matters disclosed.

(d) This Appendix 4E is based on financial statements which are in the process of being audited.

(e) In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(f) Audit of the Company accounts is currently in progress and it is expected to contain an unmodified opinion and include material uncertainty section in the audit report.

Jonathan Wild
Chairman
31 August 2020