

PEARL GLOBAL LIMITED AND ITS SUBSIDIARIES

ABN 90 118 710 508

Annual Report

30 June 2020

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Corporate Directory

Directors

Mr Gary Foster - Executive Chairman
Mr Andrew Drennan - Managing Director
Mr Brian Mumme - Non-Executive Director
Mr Michael Barrett - Non-Executive Director
Mr Brad Mytton - Non-Executive Director

Company Secretary

Mr Phillip MacLeod

Registered Office

Unit 9, 88 Forrest Street
Cottesloe WA 6011

Principal Place of Business

Unit 19, 63 Burnside Road
Stapylton QLD 4207

Postal Address

PO Box 581
Sanctuary Cove QLD 4212

Share Registrar

Computershare Investor Services Pty Ltd
Level 11, 172 St Georges Terrace
Perth, WA, Australia
Telephone: 1300 850 505 / +61 3 9415 4000

Auditors

Grant Thornton Audit Pty Ltd
Central Park
Level 43, 152-158 St. Georges Terrace
Perth WA 6000

Internet Address

www.pearlglobal.com.au

Stock Exchange Listing

Australian Securities Exchange
Home exchange: Perth, Western Australia

ASX Codes:

Shares – PG1
Listed options – PG1OB

Review of Operations

Pearl Global Limited ("Pearl or the "Company") is a developing industrial technology company, focussed on the clean conversion of waste tyres. Using our unique conversion technology, Pearl is able to regenerate waste tyre resources to produce re-usable products of Fuel Oil (replacing diesel), Carbon Char (replacing coal and other fillers), Clean Gas (for power generation) and steel. The process to solve the issue of disposal of waste tyres by converting them to valuable products achieves the multiple benefits of "best of breed" environmental outcomes from waste streams (target net zero emissions), and economic benefit for shareholders and other stakeholders. Our thermal desorption process provides the opportunity to overhaul and completely disrupt the current waste tyre supply chain processes. Pearl is the only EPA licensed tyre processing company that is operating commercially, using the process of thermal desorption to achieve its goals.

During the period, Pearl achieved significant growth and met major milestones on its pathway to full commercialisation of its technology and business model. The clean conversion of waste tyres processed increased to 3,674 tonnes (2019: 1,125 tonnes) an increase of 225 percent. Liquid fuels produced from operations increased to 1,543 tonnes (2019: 472 tonnes), carbon char to 1,322 tonnes (2019: 405 tonnes) and steel to 367 tonnes (2019: 112 tonnes). The Company's revenues grew from \$173,226 in 2019 to \$1.92 million in 2020, being a 962% gain.

In September 2019, Pearl was the first business to be awarded a grant under the Queensland Government's Waste to Biofutures program. The Company secured a \$250,000 dollar for dollar grant to implement stage 1 of its waste to energy plan, which will convert existing clean waste gases to power for its own use, reducing the requirement and cost of relying on grid power. In October 2019, Pearl announced that due to its rapid growth the executive team would relocate from Perth to its operational site in Stapylton, Queensland to better oversee operations.

The Company also announced the completion of the acquisition of Australian Tyre Processors Pty Ltd ("ATP"). Total consideration paid was \$765,000 comprising \$600,000 cash and 1.5 million ordinary shares in Pearl valued at \$165,000. ATP is the used tyre collection and pre-processing business of Pearl. The Company collects and shreds tyres in readiness for Pearl's thermal desorption processing. ATP secured an \$800,000 dollar for dollar grant from the Queensland Government during the period. The Grant was provided due to the strong environmental benefits of ATP providing its shredded tyres to Pearl's clean conversion process. The acquisition was synergistic to the business. It secures a consistent supply of feedstock and adds income to the Group by charging a gate fee for collecting the feedstock. The acquisition of ATP led to Pearl expanding its footprint at its location in Stapylton allowing ATP to integrate with Pearl on a co-location basis, providing better operational oversight. The site expansion also allowed for further thermal desorption units to be built and housed at Pearl's showcase facility.

With operational success proven through its existing two thermal desorption units (TDUs), and increased demand from used tyre customers to utilise Pearl's business to dispose of their tyres the Company announced plans to construct a third TDU to be installed in mid-2020. COVID-19 delayed certain parts and equipment coming from China, but completion of the build and commissioning of TDU3 was successfully completed in June 2020.

In April 2020, an important milestone was achieved with the signing of an offtake agreement for Pearl's tyre derived liquid fuels and its carbon char. The Agreement is to supply up to 10,000 tonnes per annum of fuels and 7,000 tonnes of carbon char to Aussee Asphalt Road Services Pty Ltd, with the fuel being used as a diesel replacement for energy to their plant and the carbon char used in their asphalt blends. The beginning of the asphalt plant commissioning period was delayed due to required upgrade components coming from Germany being delayed by COVID-19, but commissioning has since been successfully completed.

The financial year created a number of challenges for the business, particularly with COVID-19 related delays. Reduced global oil prices also impacted the Company's international sales pricing. Nevertheless, the Company's operations continued to operate throughout the COVID crisis, and significant progress has been made in operating improvements, commissioning of the third TDU, and overall operational success.

Post the reporting period significant traction was reached relating to securing domestic sales channels for Pearl's fuels, carbon char and steel. The strategy is proving successful with a number of asphalt companies showing strong interest in understanding the positive environmental, financial and product enhancement benefits to those companies' operations. A second asphalt manufacturer, Stanley Roads Pty Ltd, has successfully completed trials of both Pearl's fuels, through its fuel burner system to create energy and as a replacement to diesel, as well as the carbon char used within the asphalt blends.

Further, the Federal Government announced within its budget speech (6th October 2020) that it was banning the export of certain waste streams, including waste tyres. With strong Government policy supporting Pearl's business model, it is expected that demand for Pearl unique domestic offering in being able to deal with the issue of waste tyres within Australia, will have a significant increase in demand for Pearl's services.

Director's Report

Principal Activities

Pearl Global Limited ('Pearl') (ASX:PG1) is a clean conversion technology company that applies unique, thermal desorption technology to convert end of life tyres into valuable secondary products being fuel oil, steel, carbon char and energy. Pearl holds Australia's first environmental approvals to operate and process rubber through its thermal treatment plant. During the period the Company moved from commissioning to its first operational phase and made its first commercial sales from its production facility located in Stapylton, Queensland.

Pearl's technology is a significant advancement on other methods of processing waste tyres. It has low emissions, no hazardous waste products, requires no chemical intervention and is the only process operational that meets the standard emissions criteria set by the Australian regulators for this type of technology.

Significant Changes to Activities

The following significant changes in the nature of the principal activities occurred during the financial year:

- the Group purchased a 100% ownership interest in Australian Tyre Processing Pty Ltd ("ATP") and has successfully integrated these operations into the existing business.
- Both corporate management and the ATP business were relocated to the expanded Stapylton site, adjacent to Pearl's existing production facilities.

There were no other significant changes in the nature of the consolidated group's principal activities during the financial year.

Financial Result

The consolidated loss of the group amounted to \$9,284,966 (2019: loss \$4,710,054), after providing for tax.

Dividends

No dividends have been paid or declared and no dividends have been recommended by the Directors.

Review of Operations

Refer to review of operations on page 4.

Environmental Regulation and Performance

The Company's activities in Australia are subject to State and Federal laws, principally the Environmental Protection Act and associated regulations in each State of operation. The Company has a policy of complying with its environmental performance obligations, and during the reporting period, there have been no significant known breaches of statutory conditions or obligations.

Events after the Reporting Period

Prior to year end, the directors of Pearl Global Limited advised that the Company had received commitments to raise \$5.0 million through a two-tranche placement of approximately 71.4 million fully paid ordinary shares at 7 cents per share.

The first tranche was completed on 16 June 2020, with the issue of 24,558,233 shares under the Company's existing placement capacity and raised \$1,719,076. The second tranche (being the issue of 46,870,339 shares to raise the balance of \$3,288,92) was subject to shareholder approval and was approved at an Extraordinary General Meeting of shareholders held on 31 July 2020.

As announced on 14 October 2020, the Company agreed to issue 1,714,286 ordinary shares in lieu of the second milestone payment of \$150,000 (as consideration for the acquisition of Australian Tyre Processors Pty Ltd) plus \$6,000 in interest accrued in full and final settlement of the acquisition originally announced on 15 April 2019.

Future Developments, Prospects and Business Strategies

Pearl will continue to apply its unique, technology to cleanly convert end-of-life tyres (ELT) while seeking to drive increased revenues from its various developing income streams.

Pearl's initial Australian expansion strategy focuses on Queensland locations identified based on proximity to profitable sources of end-of-life tyres and where tyre collection depots typically reside. The company will focus on increasing revenues by negotiating income from feedstock (gate fees for waste) and adding plants on one site to provide economies of scale while seeking to demonstrate the capacity and profitability potential of discrete site at Stapylton.

Directors

The following persons were Directors of Pearl Global Limited during the financial year:

Name	Position
Gary Foster	Executive Chairman
Andrew Drennan	Managing Director
Brian Mumme	Non-Executive Director (appointed 30 March 2020)
Victor Turco	Non-Executive Director (resigned 29 November 2019)
Michael Barrett	Non-Executive Director
Brad Mytton	Non-Executive Director

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Information on Current Directors

Mr Gary Foster – Executive Chairman

Mr Foster is the Non-Executive Chairman and original co-founder of Vortiv Limited (formerly Transaction Solutions International Limited), a company which provides bank infrastructure and complementary information technology services to international banks (and the financial sector in general) and which has operations in Australia and India. As Founding Director of TSN, Gary is responsible for the strategic direction and international expansion of that company. Gary was formerly Chief Executive Officer and Director of both ATM Systems Pty Ltd, an independent provider of electronic payments and banking systems to the SME sector which was acquired by Pulse International and Travelex in 2006, and B.W.K. LLC (Germany), a commodities trading company involved in the specialisation and delivery of a diversified range of agricultural products. Gary holds a Graduate Certificate of Management and a Certificate III in Agriculture and is a member of the Australian Institute of Company Directors.

During the three-year period to the end of the financial year, Mr Foster has been a Director of:

- Vortiv Limited – appointed 25 February 2010

Mr Andrew Drennan – Managing Director

Mr Drennan is currently Managing Director of Pearl and is chiefly responsible for the development of the TRR Project and Pearl's environmental management and business strategies. Andrew's role with Pearl also encompasses the co-ordination of environmental approvals, responsibility for the scoping and co-ordination of scientific studies and programs and the planning and oversight of the design, construction and commissioning of the TRR Project. Andrew is also a current director of Keshi. Andrew holds a Bachelor of Science in Environmental Science from Murdoch University, Perth and has 15 years' experience in the environmental management industry. Andrew was previously employed as an Environmental Officer/Inspector with the Western Australian Department of Industry and Resources and as an Environmental Team Leader at BHP Billiton Iron Ore.

Mr Drennan has not held directorship positions in other Australian listed companies in the past three-year period.

Mr Brian Mumme – Non-executive Director

Mr Mumme is a senior executive with over 30 years of national and international experience in commodities (oil, gas, agriculture), with a focus on marketing, trading, risk management and optimising supply chains. He has broad general management experience and has successfully guided teams and businesses through significant

organisational change. Prior to his establishing his own consulting business, Mr Mumme was seconded from BP Australia into the role of President for the North West Shelf Gas Joint Venture for six years in a career of over 20 years with BP. Mr Mumme was also previously General Manager of the CBH Groups Marketing and Trading business –CBH Grain. Mr Mumme is a Graduate member of the Australian Institute of Company Directors.

Mr Mumme has not held directorship positions in other Australian listed companies in the past three-year period.

Mr Victor Turco – Non-executive Director

Mr Turco is a Certified Practicing Accountant and the principal and public practice license holder of Turco & Co Pty Ltd. Mr Turco holds a Bachelor of Business from the Western Australian Institute of Technology (Curtin University), is a registered tax agent and registered auditor of self-managed superannuation funds and is also a member of both the Australian Society of CPA's and the National Tax and Accountant's Association. Mr Turco has been involved in public accounting arena for 36 years and has a wealth of experience both in Australia and overseas in the accounting, taxation, finance, corporate and property fields

During the three-year period to the end of the financial year, Mr Turco has been a Director of:

- Surefire Resources NL – appointed 21 June 2018; resigned 29 November 2018

Mr Michael Barrett – Non-executive Director

Mr Barrett is a Chartered Accountant with over 27 years of international experience in finance, strategy and corporate development, capital markets and risk management. Mr Barrett also has extensive experience working in the energy and resources industry. More specifically, Mr Barrett was previously Chief Financial Officer for Rio Tinto's US energy business. Mr Barrett spent two years as National Lead Partner for Deloitte's Risk Advisory Energy and Resources practice where he specialised in corporate governance, board advisory and risk management.

Mr Barrett has not held directorship positions in other Australian listed companies in the past three-year period.

Mr Brad Mytton – Non-executive Director

Mr Mytton is a Partner with Sydney-based Roc Partners, a specialist asset manager focussing on private equity investment in the Asia Pacific region. Prior to joining Roc Partners, Mr Mytton was a part of the direct investment business within Macquarie's Fixed Income Currencies & Commodities Group, investing in private companies in the retail, energy and clean technology sectors. Mr Mytton has also worked with Macquarie Capital providing investment banking advisory services to clients in the energy sector. Mr Mytton holds a MBA from Oxford University, United Kingdom and a Bachelor of Commerce with Honours from the University of Canterbury, New Zealand.

Mr Mytton has not held directorship positions in other Australian listed companies in the past three-year period.

Company Secretary Information

Mr Phillip MacLeod

Mr MacLeod has more than 25 years of commercial experience and has held the position of company secretary with listed public companies since 1995. He has provided corporate, management and accounting advice to several Australian and international public and private companies involved in the resource, technology, property and healthcare industries.

Indemnification of Directors and Officers

Throughout the reporting period the Company has maintained Directors' and Officer's insurance to cover losses which Directors and Officers may become legally obligated to pay. The Company's insurers have prohibited disclosure of the amount of the premium payable and the level of indemnification under insurance contract.

In accordance with the Constitution, except as may be prohibited by the Corporations Act 2001 every Officer of the Company shall be indemnified out of the property of the Company against any liability incurred by him in his capacity as Officer or agent of the Company or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal.

Meetings of Directors

During the period, seven (7) meetings of Directors were held. Attendances were as follows:

Director	Board Meetings		Nomination & Remuneration Committee	
	Number of meetings held while a director	Number of meetings attended while a director	Number of meetings held while a director	Number of meetings attended while a director
Gary Foster	7	7	-	-
Andrew Drennan	7	7	-	-
Victor Turco	2	2	-	-
Brian Mumme	4	4	1	1
Michael Barrett	7	7	1	1
Brad Mytton	7	7	1	1

Directors' Interests

Unissued Shares Under Option

There are no unissued shares of the Company under option at the date of this report

Shares issued during or since the end of the year as a result of exercise

There were no shares issued to the directors of the Company as a result of exercise of options at the date of the report.

Remuneration Report (Audited)

The Directors of Pearl Global Limited present the Remuneration Report for Non-Executive Directors, Executive Directors and other Key Management Personnel, prepared in accordance with the *Corporations Act 2001* and the *Corporations Regulations 2001*.

The Remuneration Report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based remuneration; and
- Other information

A. Principles used to determine the nature and amount of remuneration

The goals of the Company's remuneration policy are to:

- ensure that reward for performance is competitive and that employees are committed and motivated;
- align executive compensation with achievement of strategic objectives and the creation of value for shareholders; and
- comply with relevant legislation and general market remuneration practices.

The Company did not use remuneration consultants during the period as the Company remained in a development phase and the Board did not consider that there were any changes in either internal or external conditions that warranted adjustments to remuneration.

Executive Directors

The Company's remuneration policy for its executives is to provide a fixed remuneration component, consisting of base salaries plus employer contributions to superannuation, and a performance-based component (short term, medium term and long-term incentive plan). The Board believes that the company's remuneration policy is appropriate given the considerations cited and is appropriate in aligning executives' objectives with shareholders and business objectives.

Non-Executive Directors

Non-Executive Directors are entitled to receive a Base Fee. Remuneration for Non-Executive Directors is benchmarked against a comparable pool of companies and reviewed on an annual basis. Remuneration is determined by the Board and takes into consideration the need to obtain suitably qualified independent Directors.

Remuneration of Non-Executive Directors is approved by the Board and set in aggregate with the maximum amount approved by the shareholders.

Key Management Personnel

The Key Management Personnel of the Company include the Executive and Non-Executive Directors. The Key Management Personnel of the Company during the period are:

- Gary Foster, Executive Chairman
- Andrew Drennan, Managing Director
- Brian Mumme Non-Executive Director (appointed 30 March 2020)
- Victor Turco, Non-Executive Director (resigned 29 November 2019)
- Michael Barrett, Non-Executive Director
- Brad Mytton, Non-Executive Director
- Bert Huys, Chief Technology Officer

Voting and comments made at the Company's last Annual General Meeting

The Company received 99.0% of votes cast as 'yes' votes on its Remuneration Report for the financial year ending 30 June 2019. The Company received no specific feedback on its Remuneration Report at the Annual General Meeting.

Consequences of performance on shareholder wealth

In considering the Company's performance and benefits for shareholder wealth, the Board have regard to the following indices in respect of the current financial year and the previous four (4) financial years:

Item	2020	2019	2018	2017	2016
EPS (cents)	(4.44)	(3.11)	(5.02)	(10.66)	3.91
Dividends (cents)	-	-	n/a	n/a	n/a
Net profit/(loss)	\$(9,284,966)	\$(4,710,054)	\$(4,720,259)	\$(6,354,478)	\$2,397,548
Share price (at 30 June)	\$0.08	\$0.135	\$0.20	n/a	n/a

* The comparative information contained within this table is that of Pearl Global Management Pty Ltd ("PGM"), the company achieved ASX listing on 16 February 2018.

B. Details of Remuneration

2020	Note	Short Term Employee Benefits (Cash Salary, Fees and Bonuses)	Post- Employment Benefits (Superannuation)	Termination Benefits	Share Based Payment	Total	Performance based on % of remuneration
Gary Foster		241,752	14,416	-	-	256,168	0%
Andrew Drennan		318,075	15,017	-	-	333,092	0%
Brian Mumme	1	11,250	-	-	-	11,250	0%
Victor Turco	2	40,700	-	-	-	40,700	0%
Michael Barrett	3	45,000	-	-	18,035	63,035	0%
Brad Mytton		-	-	-	-	-	0%
Bert Huys		230,750	21,921	-	-	252,671	0%
Total		887,527	51,354	-	18,035	956,916	-

¹ Appointed 30 March 2020.

² Resigned 29 November 2019.

³ Options issued as remuneration on 12 June 2019, exercise price is \$0.191 and expiry 13 June 2022. There are service conditions attached in relation to these options. The fair value of these options, assessed using the Black-Scholes option pricing model, is \$118,542. The total amount expensed in the reporting period relating to the period of service is \$18,035 (2019: \$2,273).

2019	Note	Short Term Employee Benefits (Cash Salary, Fees and Bonuses)	Post-Employment Benefits (Superannuation)	Termination Benefits	Share Based Payment	Total	Performance based on % of remuneration
Gary Foster		293,882	16,519	-	-	310,401	0%
Andrew Drennan		293,882	16,519	-	-	310,401	0%
Victor Turco		36,000	-	-	1,136	37,136	0%
Michael Barrett	1	43,250	-	-	1,136	44,386	0%
Brad Mytton	2	-	-	-	-	-	0%
Bert Huys		239,980	22,798	-	-	262,778	0%
Total		906,994	55,836	-	2,272	965,102	-

¹ Appointed 6 August 2018.

² Appointed 12 June 2019.

C. Details of Employment Agreements

Remuneration and other terms of employment for the Executive Directors and other Key Management Personnel are formalised in service agreements. The major provisions of the agreements relating to remuneration are specified below.

Name	Base Salary	Term of agreement	Notice period
Gary Foster	\$300,000	Five years	Six months
Andrew Drennan	\$300,000	Five years	Six months
Bert Huys	\$239,380	Not specified	One month

Non-Executive and Executive Director tenure is subject to rotation and shareholder re-appointment.

The Company Secretary is a consultant engaged by the Company. No termination benefits exist, other than the contractually-agreed notice period specified in the relevant consultancy agreement.

D. Share-based remuneration

No options over ordinary shares in the Company were granted during the period (2019: 2,000,000).

E. Other information

Equity Instrument Disclosures Relating to Key Management Personnel

Aggregate numbers of shares of the Company held directly, indirectly or beneficially by Key Management Personnel of the Company during the financial year are set out below:

Ordinary Shares

Name	Note	Held at 1 July 2019	Issued	Granted as remuneration	Other changes	Sold	Held at the date of this report
Gary Foster		19,690,845	-	-	10,000	-	19,690,845
Andrew Drennan		13,871,183	-	-	-	-	13,871,183
Brian Mumme		-	-	-	-	-	-
Victor Turco		952,611	-	-	-	-	952,611
Michael Barrett		30,000	-	-	212,858	-	242,858
Brad Mytton		-	-	-	-	-	-
Bert Huys		1,066,667	-	-	91,678	-	1,158,345
Total		35,611,306	-	-	314,536	-	35,925,842

Listed Options

Name	Note	Held at 1 July 2019	Issued	Granted as remuneration	Other changes	Sold	Held at the date of this report
Gary Foster		215,257	-	-	-	-	215,257
Andrew Drennan		157,116	-	-	-	-	157,116
Brian Mumme		-	-	-	-	-	-
Victor Turco		39,107	-	-	-	-	39,107
Michael Barrett		-	-	-	-	-	-
Brad Mytton		-	-	-	-	-	-
Bert Huys		-	-	-	-	-	-
Total		411,480	-	-	-	-	411,480

Listed options' exercise price is \$0.30 and expire on 24 January 2021. There are no other vesting conditions in relation to these options.

Unlisted Options

Name	Note	Held at 1 July 2019	Issued	Granted as remuneration	Other changes	Sold	Held at the date of this report
Gary Foster	1	333,333	-	-	(333,333)	-	-
Andrew Drennan		-	-	-	-	-	-
Brian Mumme		-	-	-	-	-	-
Michael Barrett	2	1,000,000	-	-	-	-	1,000,000
Victor Turco	2	1,000,000	-	-	-	-	1,000,000
Brad Mytton		-	-	-	-	-	-
Bert Huys		433,333	-	-	(433,333)	-	-
Total		2,766,666	-	-	(766,666)	-	2,000,000

¹ Unlisted options with an exercise price of \$0.23 and expiring on 27 February 2020. There are no vesting conditions in relation to these options.

² Unlisted options with an exercise price of \$0.191 and expiring on 13 June 2022. The options do not vest if the holder is not a director at the time of expiry.

Transactions with other Related Parties

Directors and officers or their personally-related entities, hold positions in other entities that result in them having control or significant influence over the financial and operating policies of those entities.

Details of those transactions at the end of the year are as follows:

Entity	Note		Transactions		Balances	
			2020	2019	2020	2019
Turco & Co Pty Ltd	(i)	Administration and financial service costs	41,000	117,050	-	-
Vortiv Ltd	(ii)	Sub-lease of office premises	(28,400)	(12,000)	-	-
Keshi Technologies Pty Ltd	(iii)	Research and development costs	-	175,000	-	75,000

- (i) Turco & Co Pty Ltd is a company associated with Mr Victor Turco with Turco & Co providing corporate advisory, company secretarial, CFO, financial management and associated services.
- (ii) Vortiv Ltd is a company associated with Mr Gary Foster.
- (iii) Keshi Technologies Pty Ltd is the company that owns the intellectual property underpinning Pearl's business operations in which Gary Foster and Andrew Drennan hold directorships. Transactions with Keshi during the year comprise research and development costs which Pearl continues to undertake with Keshi relating to the project and technology.

This is the end of the Audited Remuneration Report

Matters Subsequent to the End of the Financial Year

Prior to year end, the directors of Pearl Global Limited advised that the Company had received commitments to raise \$5.0 million through a two-tranche placement of approximately 71.4 million fully paid ordinary shares at 7 cents per share.

The first tranche was completed on 16 June 2020, with the issue of 24,558,233 shares under the Company's existing placement capacity and raised \$1,719,076. The second tranche (being the issue of 46,870,339 shares to raise the balance of \$3,288,92) was subject to shareholder approval and was approved at an Extraordinary General Meeting of shareholders held on 31 July 2020 and was completed on 6 August 2010.

Corporate Governance Statement

In recognising the need for the highest standards of corporate behaviour and accountability, the Board supports and adhere to the principals of corporate governance and has adopted a set of policies for managing this governance.

The Company's Corporate Governance Statement for the year ending 30 June 2020 is available on the Company's website www.pearlglobal.com.au.

Indemnity given to, and insurance premiums paid for auditors and officers

The Company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

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

Indemnity and insurance of auditor

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

During the financial period, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services

During the year, Grant Thornton the Group's auditor, did not provided any services in addition to the audit and review of the financial statements.

Details of the amounts paid to the auditor of the Group, for audit and non-audit services provided during the year are set out at note 23.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001*, for the financial year ended 30 June 2020 has been received and be found on page 13.

This report is signed in accordance with a resolution of the Directors.



Gary Foster

Executive Chairman

30 October 2020, at Stapylton, Queensland

Auditor's Independence Declaration

To the Directors of Pearl Global Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Pearl Global Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



L A Stella
Partner – Audit & Assurance

Perth, 30 October 2020

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Pearl Global Limited

Statement of Profit or Loss and Other Comprehensive Income

For the financial year ended 30 June 2020

\$ AUD	Note	2020	2019
Revenue	4	1,923,525	173,226
Other income	4	1,793,216	694,612
Operating Expenses		(3,595,973)	(1,748,546)
Employee benefit expense		(1,379,936)	(1,079,225)
Depreciation	6	(1,093,633)	(377,037)
Amortisation of intangibles	6	(206,250)	(206,250)
Impairment expense	6	(5,092,766)	-
Finance costs	6	(74,290)	(10,709)
Other expenses		(2,252,670)	(2,037,594)
Operating loss before tax		(9,978,777)	(4,591,523)
Income tax benefit / (expense)	7	693,811	(118,531)
Loss after tax and total comprehensive loss		(9,284,966)	(4,710,054)
Earnings per share			
Basic & diluted loss per share (cents per share)	21	(4.46)	(3.11)

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

Pearl Global Limited

Consolidated Statement of Financial Position

As at 30 June 2020

\$ AUD	Note	2020	2019
ASSETS			
Current Assets			
Cash and cash equivalents	8	1,886,946	5,410,200
Other financial assets	8	326,206	-
Trade and other receivables	9	1,166,551	592,745
Other current assets	11	189,976	97,680
Total current assets		3,569,679	6,100,625
Non-Current Assets			
Trade and other receivables	9	-	142,862
Property, plant & equipment	10	3,492,003	2,074,740
Right-to-use asset	12	2,756,132	-
Development assets	15	-	2,095,642
Other intangible assets	16	-	893,750
Total non-current assets		6,248,135	5,206,994
Total assets		9,817,814	11,307,619
LIABILITIES			
Current Liabilities			
Trade and other payables	17	1,910,150	433,102
Provisions	18	266,933	140,615
Lease liability	19	680,128	-
Total current liabilities		2,857,211	573,717
Non-Current Liabilities			
Deferred tax	13	453,044	1,146,855
Financial liability		35,379	-
Lease liability	19	2,184,850	-
Total non-current liabilities		2,673,273	1,146,855
Total liabilities		5,530,484	1,720,572
Net assets		4,287,330	9,587,047
EQUITY			
Equity attributable to the holders of the parent			
Issued Capital	20	23,276,183	19,303,854
Options reserve	20	4,628,022	4,609,986
Accumulated losses		(23,616,875)	(14,326,793)
Total equity		4,287,330	9,587,047

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

Pearl Global Limited

Consolidated Statement of Cash Flows

For the financial year ended 30 June 2020

\$ AUD	Note	2020	2019
Cash flows from operating activities			
Receipts from customers		1,899,956	261,878
Payments to suppliers and employees		(6,731,828)	(4,527,774)
Receipt of government grants and incentives		1,374,184	722,531
Interest received		5,018	6,010
Interest paid		(74,290)	-
Net cash outflow used in operating activities	22	(3,526,960)	(3,527,355)
Cash flows from investing activities			
Purchase of property, plant & equipment		(1,513,433)	(26,461)
Proceeds from disposal of property, plant & equipment		36,006	-
Deposits and bonds		(26,362)	-
Payments for development asset		(1,360,400)	(890,073)
Payments for financial assets		(326,206)	-
Investment in subsidiary, net of cash acquired	3	(577,869)	-
Net cash outflow used in investing activities		(3,768,264)	(916,534)
Cash flows from financing activities			
Proceeds from issue of shares	20	3,902,876	7,135,500
Share issue costs	20	(95,549)	(88,140)
Repayment of lease liabilities		(37,905)	-
Proceeds from borrowings		-	256,937
Repayment of borrowings		-	(156,937)
Borrowing costs		-	(10,709)
Net cash inflows from financing activities		3,769,422	7,136,651
Net (decrease)/increase in cash and cash equivalents		(3,525,802)	2,682,762
Cash and cash equivalents at the beginning of the financial year		5,410,200	2,727,438
Net effects of exchange rate on cash and cash equivalents		2,548	-
Cash and cash equivalents at the end of the financial year		1,886,946	5,410,200

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

Pearl Global Limited

Consolidated Statement of Changes in Equity

For the year ended 30 June 2020

Consolidated Equity 30 June 2020 \$ AUD	Issued capital	Other equity component	Option reserve	Accumulated losses	Total equity
Balance as at 1 July 2019	19,303,854	-	4,609,986	(14,326,793)	9,587,047
Adjustment upon adoption of AASB 16 ¹	-	-	-	(5,116)	(5,116)
Restated Balance as at 1 July 2019	19,303,854	-	4,609,986	(14,331,909)	9,581,931
Loss for the year	-	-	-	(9,284,966)	(9,284,966)
Total comprehensive loss for the year	-	-	-	(9,284,966)	(9,284,966)
Options expiring during the period	-	-	18,036	-	18,036
Shares issued during the period	4,067,879	-	-	-	4,066,879
Share issue costs	(95,550)	-	-	-	(95,550)
Balance as at 30 June 2020	23,276,183	-	4,628,022	(23,616,875)	4,287,330

Consolidated Equity 30 June 2019 \$ AUD	Issued capital	Other equity component	Option reserve	Accumulated losses	Total equity
Balance as at 1 July 2018	10,406,494	1,750,000	4,607,713	(9,616,739)	7,147,468
Loss for the year	-	-	-	(4,710,054)	(4,710,054)
Total comprehensive loss for the year				(4,710,054)	(4,710,054)
Shares issued during the period	9,066,000	(1,750,000)	-	-	7,316,000
Share issue costs	(168,640)	-	-	-	(168,640)
Issue of options	-	-	2,273	-	2,273
Balance as at 30 June 2019	19,303,854	-	4,609,986	(14,326,793)	9,587,047

¹ The Group has initially applied AASB 16 Leases using the modified retrospective approach from 1 July 2019. Under this method, the comparative information has not been restated. (Refer to Note 28).

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

Pearl Global Limited

Notes to the Financial Statements

1. Corporate Information

The financial statements of Pearl Global Limited for the year ended 30 June 2020 were authorised for issue in accordance with a resolution of Directors on 30 October 2020 and covers the consolidated entity consisting of Pearl Global Limited and its subsidiaries (the Company) as required by the *Corporations Act 2001*.

Pearl Global Limited is a company limited by shares incorporated in Australia.

Nature of operations

Pearl Global Limited ("Pearl") (ASX:PG1) is a revolutionary tyre processing company that applies unique, next-generation thermal desorption technology to cleanly convert tyres into valuable secondary products. Pearl has Australia's first and only environmental approvals for the thermal treatment of rubber and is in the process of commissioning its first commercial-scale production plant in Stapylton, Queensland.

Pearl's technology is a significant advancement on other methods of processing waste tyres. It has low emissions, no hazardous by-products, requires no chemical intervention and is the only process that meets the standard emission criteria set by the Australian regulator for this type of technology. Tyres are not naturally degradable, with tyre fires and pollution becoming major causes for concern, Government bodies are increasingly seeking solutions for dealing with waste tyres, and Pearl's technology provides a clean solution to this global problem.

Statement of Compliance

The consolidated general purpose financial statements of the Group have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB). Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Pearl Global Ltd is a for-profit entity statements prepared on accruals basis under the historical cost convention.

Pearl Global Ltd is the Group's Ultimate Parent Company. Pearl Global Ltd is a Public Company incorporated and domiciled in Australia. The address of its registered office and its principal place of business is Unit 19, 63 Burnside Road, Stapylton, QLD, Australia.

2. Summary of Significant Accounting Policies

To assist in the understanding of the financial statements, the following summary explains the material accounting policies that have been adopted in the preparation of the financial statements.

(a) Basis of Preparation

These general purpose consolidated financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(b) New or revised Standards or Interpretations

New or revised Standards or Interpretations

The Group has adopted the new accounting pronouncements which have become effective this year, and are as follows:

AASB 16 'Leases'

AASB 16 'Leases' replaces AASB 117 'Leases' along with three Interpretations (IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases-Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease').

The adoption of this new Standard has resulted in the Group recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

The new Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting AASB 16 being recognised in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated.

AASB 16.C3 For contracts in place at the date of initial application, the Group has elected to apply the definition of a lease from AASB 117 and IFRIC 4 and has not applied AASB 16 to arrangements that were previously not identified as lease under AASB 117 and IFRIC 4.

Pearl Global Limited

Notes to the Financial Statements

The Group has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of AASB 16, being 1 July 2019. At this date, the Group has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Group has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of AASB 16.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Group has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straightline basis over the remaining lease term.

For those leases previously classified as finance leases, the right-of-use asset and lease liability are measured at the date of initial application at the same amounts as under AASB 117 immediately before the date of initial application.

On transition to AASB 16 the weighted average incremental borrowing rate applied to lease liabilities recognised under AASB 16 was 5.0%.

The Group has benefited from the use of hindsight for determining the lease term when considering options to extend and terminate leases.

The following is a reconciliation of the financial statement line items from AASB 117 to AASB 16 at 1 July 2019:

Category	Carrying amount at 1 July 2019	Reclassification	Remeasurement	Carrying amount at 1 July 2019
Right-of-use asset	-	-	2,390,160	2,390,160
Accumulated depreciation	-	-	(42,929)	(42,929)
Retained earnings	-	-	5,116	5,116
Lease Liabilities (current)	-	-	(402,979)	(402,979)
Lease Liabilities (non- current)	-	-	(1,947,710)	(1,947,710)

The following is a reconciliation of total operating lease commitments at 30 June 2019 (as disclosed in the financial statements to 30 June 2019) to the lease liabilities recognised at 1 July 2019:

\$ AUD	1 July 2019
Total operating lease commitments disclosed at 30 June 2019	
Operating lease liabilities before discounting	278,181
Discounted using incremental borrowing rate	5.0%
Operating lease liabilities	219,174
Reasonably certain extension options	2,131,515
Total lease liabilities recognised under AASB 16 at 1 July 2019	2,350,689

Standards, amendments and Interpretations to existing Standards that are not yet effective and have not been adopted early by the Group

At the date of authorisation of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards or amendments to existing Standards have been adopted early by the Group.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Group's financial statements.

(c) Principles of Consolidation

The Group's financial statements consolidate those of the parent company and all of its subsidiaries as of 30 June 2020. All subsidiaries have a reporting date of 30 June.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

Pearl Global Limited

Notes to the Financial Statements

(d) Foreign Currency Transactions

Functional and presentation currency

The financial statements are prepared in Australian Dollars which is the functional and presentation currency of the Company.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the date of the transaction), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

(e) Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is obtained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

(f) Segment Reporting

The Group has three operating segments: consulting, service and retail. In identifying these operating segments, management generally follows the Group's service lines representing its main products and services (see Note 5).

Each of these operating segments is managed separately as each requires different technologies, marketing approaches and other resources. All inter-segment transfers are carried out at arm's length prices based on prices charged to unrelated customers in stand-alone sales of identical goods or services.

For management purposes, the Group uses the same measurement policies as those used in its financial statements, except for certain items not included in determining the operating profit of the operating segments, as follows:

- post-employment benefit expenses
- share-based payment expenses
- research costs relating to new business activities
- revenue, costs and fair value gains from investment property.

In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment. This primarily applies to the Group's headquarters and the research and development activities.

(g) Revenue

Revenue arises mainly from fees for collection of end-of-life waste tyres and after these waste tyres have been transformed into high-grade, valuable raw materials, the sale of recovered oil, carbon and steel ('tyre-derived products').

To determine whether to recognise revenue, the Group follows a 5 step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied

Revenue from the sale of tyre-derived products is recognised when the consolidated entity has transferred to the buyer the significant risks and rewards of ownership and the amounts can be measured reliably. In the case of all tyre-derived products, this usually occurs at the time of loading on board transport to the final destination. Contract liabilities for consideration received in respect of unsatisfied performance obligations are not a feature of contracts for sale of tyre-derived products. If a performance obligation is satisfied before consideration is received, the Company recognises a receivable in its statement of financial position.

Pearl Global Limited

Notes to the Financial Statements

(h) Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or as incurred.

(i) Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is carried at cost less accumulated impairment losses.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored and not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of. Refer to Note 2(l) for a description of impairment testing procedures.

(j) Other intangible assets

Initial recognition of other intangible assets

Development assets - Expenditure on research activities is recognised as an expense in the period in which it is incurred. A self-generated intangible asset arising from development or from the development phase of an internal project is recognised if all of the following have been demonstrated

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- The intention to complete the intangible asset and use or sell it
- The ability to use or sell the intangible asset
- How the intangible asset will generate probable future economic benefits
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
- The ability to measure reliably the expenditure attributable to the intangible asset during its development

The amount initially recognised for self-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 or no intangible asset exists, development expenditure is recognised in profit or loss in the period in which it is incurred.

Manufacturing rights - The right to manufacture TDUs using the intellectual property owned by Keshi Technologies Pty Ltd is carried at cost. The Company amortises these intangible assets using the straight line method for a period of 8 years, being the standard useful life of an innovation patent in Australia.

Subsequent measurement

All finite-lived intangible assets, including capitalised internally developed assets, are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing as described in Note 2(l). The following useful lives are applied:

- manufacturing rights: 8 years
- development assets: 15-20 years

Any capitalised internally developed asset that is not yet complete is not amortised but is subject to impairment testing as described in Note 2(l).

Amortisation has been included within depreciation, amortisation and impairment of non-financial assets.

Subsequent expenditures on the maintenance of TDUs are expensed as incurred.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset and is recognised in profit or loss within other income or other expenses.

(k) Impairment testing of goodwill, other intangible assets and property, plant and equipment

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of a related business combination and represent the lowest level within the Group at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated (determined by the Group's management as equivalent to its operating segments) are tested for impairment at least annually. All other individual assets or cash-generating units are tested 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 (or cash-generating unit's) carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use.

Pearl Global Limited

Notes to the Financial Statements

(k) Impairment testing of goodwill, other intangible assets and property, plant and equipment (cont.)

To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect current market assessments of the time value of money and asset-specific risk factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit.

With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

(l) Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable accounting standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation technique maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

(m) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 2 (l)) for details of impairment).

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Pearl Global Limited

Notes to the Financial Statements

(m) Property, Plant and Equipment (cont.)

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	10-40%
Other Equipment	25-40%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise. Gains shall not be classified as revenue. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(n) Leases

As described in Note 2(b), the Group has applied AASB 16 using the modified retrospective approach and therefore comparative information has not been restated. This means comparative information is still reported under IAS 17 and IFRIC 4.

Accounting policy applicable from 1 July 2019

The Group as a lessee

For any new contracts entered into on or after 1 July 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Group has the right to direct the use of the identified asset throughout the period of use.

The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Pearl Global Limited

Notes to the Financial Statements

(o) Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

In the periods presented the corporation does not have any financial assets categorised as FVOCI.

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as listed bonds that were previously classified as held-to-maturity under IAS 39.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply (see below).

The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Financial assets at fair value through other comprehensive income (FVOCI)

The Group accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective it is "hold to collect" the associated cash flows and sell and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in other comprehensive income (OCI) will be recycled upon derecognition of the asset.

Impairment of financial assets

AASB 9's impairment requirements use more forward looking information to recognize expected credit losses – the 'expected credit losses (ECL) model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

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Notes to the Financial Statements

(o) Financial instruments

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables and contract assets

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due. Refer to Note 29 for a detailed analysis of how the impairment requirements of IFRS 9 are applied.

Classification and measurement of financial liabilities

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

(p) Income Tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income for the current period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss or arising from a business combination.

A deferred tax liability shall be recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from: (a) the initial recognition of goodwill; or (b) the initial recognition of an asset or liability in a transaction which: (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale. When an investment property that is depreciable is held by the entity in a business model whose objective is to consume substantially all of the economic benefits embodied in the property through use over time (rather than through sale), the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of such property will be recovered entirely through use.

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Notes to the Financial Statements

(p) Income Tax (cont.)

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised, unless the deferred tax asset relating to temporary differences arises from the initial recognition of an asset or liability in a transaction that:

- is not a business combination; and
- at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (i) a legally enforceable right of set-off exists; and (ii) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(q) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, money market investments readily convertible to cash within two working days, and bank bills but net of outstanding bank overdrafts.

(r) Employee Benefits

Short-term employee benefits

Short-term employee benefits are benefits, other than termination benefits, that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. Examples of such benefits include wages and salaries, non-monetary benefits and accumulating sick leave. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The Group's liabilities for annual leave and long service leave are included in other long term benefits as they are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are measured at the present value of the expected future payments to be made to employees. The expected future payments incorporate anticipated future wage and salary levels, experience of employee departures and periods of service, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the timing of the estimated future cash outflows. Any re-measurements arising from experience adjustments and changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

The Group presents employee benefit obligations as current liabilities in the statement of financial position if the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period, irrespective of when the actual settlement is expected to take place.

Equity-settled compensation

The fair value of options granted is recognised as an expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted, which includes any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions.

(s) Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

Provisions for product warranties, legal disputes, onerous contracts or other claims are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Restructuring provisions are recognised only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan's main features to those affected by it. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

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Notes to the Financial Statements

(s) Provisions, contingent liabilities and contingent assets (cont.)

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligation is not probable. Such situations are disclosed as contingent liabilities, unless the outflow of resources is remote in which case no liability is recognised.

(t) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

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 ATO is included with other receivables or 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 ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(u) Government Grants

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs it is compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

(v) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Group retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

(w) Significant management judgement in applying accounting policies and estimation uncertainty

When preparing the financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgements

The following are the judgements made by management in applying the accounting policies of the Group that have the most significant effect on the financial statements.

Capitalisation of internally developed assets

Distinguishing the research and development phases of the TDU project and determining whether the recognition requirements for the capitalisation of development costs are met requires judgement. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired.

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

Estimation uncertainty

Information about estimates and assumptions that may have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment of goodwill and other intangible assets

Determining whether goodwill and other intangible assets are impaired requires an estimation of the recoverable amount of the cash-generating units to which the assets have been allocated. Recoverable amount has been determined based on value-in-use calculations and the details of the assumptions used can be found in Note 14.

Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain plant and equipment.

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Notes to the Financial Statements

(x) Significant management judgement in applying accounting policies and estimation uncertainty (cont.)

Business combinations

Management uses valuation techniques when determining the fair values of certain assets and liabilities acquired in a business combination (see Note 2(e)). In particular, the fair value of contingent consideration is dependent on the outcome of many variables including the acquirees' future profitability.

(y) Going Concern

The Directors have prepared the financial statements on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

The Group has incurred a net loss after tax for the year ended 30 June 2020 of \$9,284,966 (2019: \$4,710,054). As at the 30 June 2020, the Group reported an operating cash outflows of \$3,526,960 (2019: \$3,537,355). As at 30 June 2020, the Group reported a net working capital of \$712,468

The Group is increasing sales of its hydrocarbon product and is continuing to advance discussions for the sale of its steel and char products. The Group has committed to the purchase of a third Thermal Desorption Unit which will increase production of products by 50% over current levels.

In addition, the Group will rely on the ability to secure funds by raising capital from equity markets and managing cash flow in line with available funds. These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Group to continue as a going concern. In the event the above matters are not achieved, the Group will be required to raise funds for working capital from debt or equity sources.

The directors have prepared a cash flow forecast, which indicates that the Group will have sufficient cash flows to meet all commitments and working capital requirements for the 12-month period from the date of signing this financial report.

Based on the cash flow forecasts and other factors referred to above, the directors are satisfied that the going concern basis of preparation is appropriate. In particular, given the Group's history of raising capital to date, the directors are confident of the Group's ability to raise additional funds as and when they are required.

Should the Group be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal 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 to the amount and classification 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.

3. ACQUISITIONS

Australian Tyre Processors Pty Ltd ('ATP')

On 15 August 2019, Pearl Global Limited, acquired 100% of the ordinary share capital and voting rights of ATP. This transaction constitutes a business combination under AASB 3. The acquisition was made to secure a consistent supply of feedstock and to enhance revenues.

Acquisition consideration

The fair value of the consideration for the issued capital of ATP was \$765,000. Details as follows:

\$ AUD

Fair value of consideration transferred	
Cash consideration	300,000
1,500,000 shares at \$0.11 per share	165,000
Cash consideration subject to Milestone 1 being met	150,000
Cash consideration subject to Milestone 2 being met	150,000
Total consideration	765,000

Milestone 1 was subject to the condition that specified minimum and maximum volumes of suitable feedstock (up to 1,250 tonnes per month) be supplied during the period 1 July 2019 to 27 September 2019 inclusive. This condition was satisfied and paid to the Shareholder of ATP.

The necessary conditions for Milestone 2, that specified minimum and maximum volumes of suitable feedstock (up to 1,250 tonnes per month) be supplied during the period 1 October 2019 to 31 December 2019 inclusive, was met by 27 December 2019, however as at balance date the cash consideration related to Milestone 2 was still payable. As disclosed in note 32, the Company issued 1,714,286 ordinary shares subsequent to year end in settlement of the Milestone 2 payment plus \$6,000 in interest accrued.

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Notes to the Financial Statements

Goodwill

The identifiable net assets of the acquiree are remeasured to their fair value on the date of acquisition (i.e. the date that control passes). Goodwill is calculated as the difference between the fair value of consideration transferred less the fair value of the identified net assets of the acquired. Details of the transactions are as follows:

\$ AUD

Fair value of identifiable assets and liabilities held at acquisition date:	
Cash	22,131
Trade and other receivables	128,410
Fixed assets	610,441
Other assets	53,057
Trade and other payables	(162,984)
Borrowings	(834,792)
Fair value of identifiable assets and liabilities assumed	(183,737)
Total goodwill on acquisition of ATP	948,737
Purchase consideration settled in cash	600,000
Cash acquired on acquisition	(22,131)
Net cash outflow on acquisition	577,869

Goodwill of \$948,737 is primarily related to growth expectations, expected future profitability, and expected cost synergies. Goodwill has been allocated to the Tyre Processing segment and is not expected to be deductible for tax purposes.

ATP's contribution to the Group results

ATP achieved a profit before tax of \$978,003 for the period to 30 June 2020. Sales revenue for the same period was \$1.571 million.

4. REVENUE AND OTHER INCOME

The Group has recognised the following amounts relating to revenue in the statement of profit or loss.

Revenue earned at a point in time

\$ AUD	Note	2020	2019
Fees for collection of end-of-life tyres		1,455,428	-
Sales from oil derived from tyres		294,809	125,152
Sales from carbon derived from tyres		-	9,430
Sales from steel derived from tyres		89,732	12,099
Other operating revenue		83,556	26,545
Total operating revenue		1,923,525	173,226

Other income

\$ AUD	2020	2019
Sub-lease income	98,507	134,083
Insurance recoveries	17,146	-
Federal government R&D grant	581,415	554,549
Queensland government grant	800,000	-
Federal government JobKeeper & PAYG Cash Boost grants	160,000	-
Western Australian government rebate	2,500	-
Interest income	5,018	5,980
Gain on disposal of non-current asset	115,357	-
Other operating revenue	13,273	-
Total operating revenue	1,793,216	694,612

Pearl Global Limited

Notes to the Financial Statements

5. OPERATING SEGMENTS

(a) Identification of reportable segments

The Group identifies its operating segments based on the reports reviewed by the board of directors that are used to make strategic decisions. Until last financial year, the Group had one reportable operating segment being the manufacture and supply of tyre derived oil, tyre derived carbon char and related recovered raw materials. As a result of the acquisition of Australian Tyre Processors Pty Ltd during the year ended 30 June 2020, the Group has added tyre processing as an additional operating segment.

(b) Segment Performance

Consolidated 2020	Tyre processing	Manufacturing	Other	Total
Sales to external customers	1,571,646	351,879	-	1,923,525
Other income	934,139	854,059	-	1,788,198
Total revenue and other income	2,505,785	1,205,938	-	3,711,723
Overheads	(1,314,334)	(3,565,075)	(2,349,171)	(7,228,579)
EBITDA	1,191,451	(2,359,137)	(2,349,171)	(3,516,856)
Depreciation	(213,448)	(352,885)	(527,300)	(1,093,633)
Amortisation	-	-	(206,250)	(206,250)
Impairment expense	-	-	(5,092,766)	(5,092,766)
Interest revenue	-	-	5,018	5,018
Finance costs	-	-	(74,290)	(74,290)
Loss before income tax expense	978,003	(2,712,022)	(8,244,759)	(9,978,777)
Income tax benefit	-	-	-	693,811
Loss after income tax expense				(9,284,966)
Segment assets	2,054,414	3,684,818	4,078,582	9,817,814
Segment liabilities	204,939	3,871,511	1,454,034	5,530,484
Net assets as at 30 June 2020	1,849,475	(186,693)	2,624,548	4,287,330

Consolidated 2019	Tyre processing	Manufacturing	Other	Total
Sales to external customers	-	173,226	-	173,226
Other income	-	657,590	37,042	694,632
Total revenue and other income	-	830,816	37,042	867,858
Overheads	-	(2,067,528)	(2,823,581)	(4,891,109)
EBITDA	-	(1,236,712)	(2,766,795)	(4,003,507)
Depreciation	-	(27,222)	(349,815)	(377,037)
Amortisation	-	-	(206,250)	(206,250)
Interest revenue	-	-	5,980	5,980
Finance costs	-	-	(10,709)	(10,709)
Loss before income tax expense	-	(1,263,934)	(3,327,589)	(4,591,523)
Income tax benefit / (expense)	-	-	-	(118,531)
Loss after income tax expense				(4,710,054)
Segment assets	-	5,938,300	5,369,319	11,307,619
Segment liabilities	-	1,796,758	528,770	2,325,528
Net assets as at 30 June 2019	-	4,141,542	4,840,549	8,982,091

Unallocated operating income and expense mainly consist of research expenditure as well as post-employment benefits expenses. The Group's corporate assets, consisting of its headquarters, investment properties and research facility, are not allocated to any segment's assets.

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Notes to the Financial Statements

6. LOSS FOR THE YEAR

Loss includes the following specific expenses:

\$ AUD	2020	2019
Impairment:		
Impairment of goodwill (note 14)	948,737	-
Impairment of development assets (note 15)	3,456,042	-
Impairment of other intangible assets (note 16)	687,987	-
Impairment of goodwill and other intangibles	5,092,766	-
Finance costs:		
Interest expense - borrowings	-	10,709
Interest expense – lease liabilities	74,290	-
Total finance costs	74,290	10,709
Depreciation and amortisation:		
Depreciation – property, plant and equipment (note 10)	660,480	377,037
Depreciation – right-to-use assets (note 12)	433,153	-
Total depreciation	1,093,633	377,037
Amortisation	206,250	206,250
Total depreciation and amortisation	1,299,883	583,287

This is the first set of the Group's annual financial statements in which AASB 16 Leases is applied. Under the transition method chosen, comparative information is not restated. The 30 June 2020 results are therefore not directly comparable to prior years. Changes to significant accounting policies and the impact of applying the new standards are described in Note 2(b).

7. TAX EXPENSE

The major components of tax expense and the reconciliation of the expected tax expense based on the domestic effective tax rate of Pearl Global Limited at 27.5% (2019: 27.5%) and the reported tax expense in profit or loss are as follows:

\$ AUD	2020	2019
Loss before income tax	(9,978,777)	(4,591,523)
Prima facie benefit on loss from continuing activities at 27.5% tax rate (2019: 27.5%)	(2,744,164)	(1,262,669)
Entertainment	-	-
Share based payment	4,804	-
Tax effect of current/prior year tax losses for which no deferred tax asset has been recognised	2,045,549	1,381,200
Total income tax (benefit) / expense	(693,811)	118,531
Deferred tax liabilities:		
PPE and Right-to-Use Assets	1,310,644	1,146,855
Prepayments	3,675	-
Lease liability – Right-to -Use Assets	(787,868)	-
Provisions	(73,408)	-
Total deferred tax liabilities	453,043	1,146,855
Deferred tax assets not recognised		
Carry forward revenue losses	8,167,924	4,995,466
Carry forward capital losses	-	-
Capital raising costs	-	88,140
Provisions and accruals	-	-
Total tax assets not recognised	8,167,924	5,083,596

The above Deferred tax liabilities are recognised for the temporary differences between carrying amounts of assets for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered.

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Notes to the Financial Statements

8. CASH, CASH EQUIVALENTS AND OTHER FINANCIAL ASSETS

\$ AUD	2020	2019
Cash and cash equivalents:		
Cash at bank	1,836,946	5,233,280
Term deposits	50,000	176,920
Total cash and cash equivalent	1,886,946	5,410,200
Other financial assets:		
Term deposits	326,206	-
Total other financial assets	326,206	-

Cash at Bank

Amounts held in the Company's cheque and online savings accounts attract variable rates commensurate with a business cheque and online savings account.

Security Deposits

The Company holds security deposits in relation to credit card facilities of \$70,000 (\$20,000 of which is classified as Other Financial Assets).

9. TRADE AND OTHER RECEIVABLES

Trade and other receivables consist of the following:

Current

\$ AUD	2020	2019
Trade receivables, gross (note 29)	335,806	82,921
Allowance for credit losses (note 29)	(113,410)	-
GST refundable	219,878	98,140
R&D tax benefit receivable	724,277	411,684
Balance at end of the year	1,166,551	592,745

All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

All of the Group's trade and other receivables have been reviewed for indicators of impairment. Certain trade receivables were found to be impaired and an allowance for credit losses of \$113,410 (2019: nil) has been recorded accordingly within other expenses. The impaired trade receivables are mostly due from customers that are experiencing financial difficulties.

An analysis of credit risk exposure and analysis relating to the allowances of expected credit losses is given in Note 29.

Non-Current

\$ AUD	2020	2019
R&D tax benefit receivable	-	142,862
Balance at end of the year	-	142,862

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Notes to the Financial Statements

10. PROPERTY, PLANT AND EQUIPMENT

\$ AUD	Plant & equipment	Other equipment	Total
Gross carrying amount			
Balance at 1 July 2019	2,887,265	76,229	2,963,493
Additions	2,009,099	3,671	2,012,770
Acquisition through business combination	962,657	-	962,657
Disposals	(880,677)	-	(880,677)
Balance at the end of the year	4,978,343	79,900	5,058,243
Depreciation and impairment			
Balance at 1 July 2019	(835,997)	(52,757)	(888,754)
Acquisition through business combination	(352,216)	-	(352,216)
Disposals	335,398	-	335,398
Depreciation	(652,692)	(7,977)	(660,669)
Balance at the end of the year	(1,505,507)	(60,734)	(1,566,241)
Carrying amount at end of the year	3,472,836	19,166	3,492,002

\$ AUD	Plant & equipment	Other equipment	Total
Gross carrying amount			
Balance at 1 July 2018	2,875,559	61,473	2,937,032
Additions	11,706	14,756	26,462
Balance at the end of the year	2,887,265	76,229	2,963,494
Depreciation and impairment			
Balance at 1 July 2018	(469,020)	(42,697)	(511,717)
Depreciation	(366,977)	(10,060)	(377,037)
Balance at the end of the year	(835,997)	(52,757)	(888,754)
Carrying amount at end of the year	2,051,268	23,472	2,074,740

11. OTHER ASSETS

Other assets consist of the following:

\$ AUD	2020	2019
Prepayments	13,364	-
Rental bonds	145,473	97,680
Debit balance on credit cards	31,139	-
Balance at end of the year	189,976	97,680

12. RIGHT-TO-USE ASSET

\$ AUD	2020	2019
Cost	3,232,392	-
Accumulated depreciation	(476,260)	-
Balance at the end of the year	2,756,132	-
Movements		
Balance at the beginning of the year	-	-
Additions	3,232,392	-
Depreciation	(476,260)	-
Balance at the end of the year	2,756,132	-

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Notes to the Financial Statements

13. DEFERRED TAX LIABILITIES

Deferred taxes arising from temporary differences and unused tax losses can be summarised as follows:

\$ AUD	2020	2019
Balance at the beginning of the year	1,146,855	1,028,324
Charged/ (credited) to profit or loss	(693,811)	118,531
Balance at the end of the year	453,044	1,146,855

Deferred tax liabilities are recognised for the temporary differences between carrying amounts of assets for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered.

14. GOODWILL

The movements in the net carrying amount of goodwill are as follows:

\$ AUD	2020	2019
Gross carrying amount		
Balance at 1 July	-	-
Acquired through business combination	948,737	-
Balance at the end of the year	948,737	-
Accumulated impairment		
Impairment loss recognised	(948,737)	-
Balance at the end of the year	(948,737)	-
Carrying amount at 30 June	-	-

Impairment testing

For the purpose of annual impairment testing, goodwill is allocated to a single cash-generating unit, which is the unit expected to benefit from the synergies of the business combinations in which the goodwill arises.

The recoverable amount of the cash-generating unit was determined based on value-in-use calculations, covering a detailed five-year forecast, followed by an extrapolation of expected cash flows for the units' remaining useful lives using the growth rates determined by management. The present value of the expected cash flows of each segment is determined by applying a suitable discount rate.

	Growth rates		Discount rates	
	2020	2019	2020	2019
Manufacturing	3%	-	16.76%	-

Growth rates

The growth rates reflect the Group's forecast operating and financial performance for each of the segments.

Discount rates

The discount rates were derived from the Group's weighted average cost of capital, adjusted to reflect the varying market risk and specific risk factors of each unit.

Cash flow assumptions

The cash flow projections were derived from financial budgets approved by management covering a five-year period. Cash flows extrapolated beyond this 5-year period reflect stable profit margins achieved in the final year of the budget period. No expected improvement in efficiency has been taken into account and increases in general prices and wages reflect publicly available forecasts of inflation.

Apart from the considerations described in determining the value-in-use of the cash-generating units described above, management is not currently aware of any other probable changes that would necessitate changes in its key estimates. However, the estimate of recoverable amount for all intangible assets is sensitive to the discount rate.

Pearl Global Limited

Notes to the Financial Statements

15. DEVELOPMENT ASSETS

\$ AUD	2020	2019
Cost	3,456,042	2,095,642
Accumulated impairment	(3,456,042)	-
Balance at the end of the year	-	2,095,642
Movements		
Balance at the beginning of the year	2,095,642	1,205,570
Additions	1,360,400	890,072
Depreciation	-	-
Impairment loss recognised	(3,456,042)	-
Balance at the end of the year	-	2,095,642

Impairment testing

Annual impairment testing was carried out in the manner described in Note 14.

16. OTHER INTANGIBLE ASSETS

Detail of the Group's other intangible assets and their carrying amounts are as follows:

\$ AUD	2020	2019
Borrowing costs	487	-
Manufacturing rights	1,650,000	1,650,000
Accumulated amortisation	(962,500)	(756,250)
Accumulated impairment	(687,987)	-
Balance at the end of the year	-	893,750

The manufacturing rights comprise the right to manufacture TDUs using the intellectual property owned by Keshi Technologies Pty Ltd. The Company amortises its other manufacturing rights using straight line method for a period of 8 years, being the standard useful life of innovative patent in Australia.

All amortisation and impairment charges are included within depreciation, amortisation and impairment of non-financial assets.

Impairment testing

Annual impairment testing was carried out in the manner described in Note 14.

17. TRADE AND OTHER PAYABLES

\$ AUD	2020	2019
Trade payables	1,689,273	370,910
GST/ PAYG payables	188,378	37,764
Other payables	32,499	24,428
Balance at the end of the year	1,910,150	433,102

The trade payables amount consists of related party payables of \$68,750 (2019: \$38,500).

18. PROVISIONS

\$ AUD	2020	2019
Employee entitlements	266,933	140,615
Balance at the end of the year	266,933	140,615

Pearl Global Limited

Notes to the Financial Statements

19. LEASE LIABILITIES

\$ AUD	2020	2019
Current		
Lease liabilities - current	680,128	-
Balance at the end of the year	680,128	-
Non-Current		
Lease liabilities - current	2,184,850	-
Balance at the end of the year	2,184,850	-

Refer to Note 28 for further details on lease liabilities.

20. EQUITY

Share capital

The share capital of Pearl Global Limited consists only of fully paid ordinary shares; the shares do not have a par value. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting of Pearl Global Limited.

Ordinary Shares as at 30 June 2020

Consolidated	2020	2019	2020	2019
	No. shares	No. shares	\$	\$
Beginning of the financial year 1 July	199,453,880	144,830,484	19,303,854	12,156,494
Shares issued as consideration for ATP acquisition	1,500,000	-	165,000	-
Shares issued via private placement	50,238,470	50,920,074	3,902,879	6,732,500
Shares issued as consideration for services	-	350,000	-	80,500
Shares issued via Share Purchase Plan	-	2,686,656	-	403,000
Shares issued in settlement of loan	-	666,666	-	100,000
less: issue costs	-	-	(95,550)	(168,640)
End of financial year 30 June	251,192,350	199,453,880	23,276,183	19,303,854

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Options Reserve as at 30 June 2020

Consolidated	2020	2019	2020	2019
	No. shares	No. shares	\$	\$
Beginning of the financial year 1 July	74,455,933	45,319,238	4,609,986	4,607,713
Options issued as remuneration	-	2,000,000	-	2,273
Options issued attached to private placement	-	25,460,047	-	-
Options issued as consideration for services	-	-	-	-
Options issued via Share Purchase Plan	-	1,343,315	18,036	-
Options issued in settlement of loan	-	333,333	-	-
less: expired options	(27,136,695)	-	-	-
End of financial year 30 June	47,319,238	74,455,933	4,626,002	4,609,986

Pearl Global Limited

Notes to the Financial Statements

21. EARNINGS PER SHARE AND DIVIDENDS

Earnings per share

Both the basic and diluted earnings per share have been calculated using the profit attributable to shareholders of the Parent Company (Pearl Global Limited) as the numerator (i.e. no adjustments to profit were necessary in 2019 or 2020).

The reconciliation of the weighted average number of shares for the purposes of diluted earnings per share to the weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:

\$ AUD	2020	2019
(a) Basic earnings per share:		
Loss from continuing operations attributable to owners of Pearl Global Limited used to calculate basic earnings per share	(9,284,966)	(4,710,054)
(b) Diluted earnings per share		
Loss from continuing operations attributable to owners of Pearl Global Limited used to calculate diluted earnings per share	(9,284,966)	(4,710,054)
Number of shares	2020	2019
Weighted average number of ordinary shares used as a denominator in calculating basic and diluted earnings per share	208,538,743	151,241,736
Loss per share attributable to owners of the Company: Diluted loss per share (cents per share)	(4.46)	(3.11)

Options being potential shares are not considered dilutive and have not been used to calculate diluted loss per share.

Dividends

No dividends have been paid or declared and no dividends have been recommended by the Directors.

22. RECONCILIATION OF CASH FLOWS

\$ AUD	2020	2019
Reconciliation of cash flows from operating activities		
Loss after income tax	(9,284,966)	(4,710,054)
Interest expense	-	10,709
Gain on disposal of non-current assets	(132,503)	-
Adjustments for non-cash movements:		
▪ Depreciation, amortisation and impairment	6,392,649	583,298
▪ Share based remuneration	18,036	2,273
▪ Deferred tax liability	(693,811)	118,531
▪ Right-to-use asset	(5,116)	-
▪ Foreign exchange differences	(2,547)	-
Net changes in working capital:		
▪ change in trade and receivables	(302,534)	233,265
▪ change in other current assets	(13,364)	-
▪ change in trade and other payables	395,304	224,634
▪ change in other employee obligations	126,318	-
▪ change in other current liabilities	(24,426)	-
Net cash from operating activities	(3,526,961)	(3,537,355)

Pearl Global Limited

Notes to the Financial Statements

23. AUDITOR REMUNERATION

\$ AUD	2020	2019
Amounts due and receivable by Grant Thornton Audit Pty Ltd		
Audit and audit review services	87,510	30,750
Total remuneration to Grant Thornton	87,510	30,750

24. RELATED PARTY TRANSACTIONS

Key Management Personnel Compensation

The Key Management Personnel of the Company include the Executive and Non-Executive Directors.

The Key Management Personnel of the Company during the period are:

- Gary Foster, Executive Chairman
- Andrew Drennan, Managing Director
- Victor Turco, Non-Executive Director (resigned 29 November 2019)
- Brian Mumme, Non-Executive Director (appointed 30 March 2020)
- Michael Barrett, Non-Executive Director
- Brad Mytton, Non-Executive Director
- Bert Huys, Chief Technology Officer

\$ AUD	2020	2019
Short-term benefits	887,527	906,994
Long-term benefits	51,354	55,836
Share based payments	18,035	2,272
Total remuneration	956,916	965,102

Other transactions with key management personnel

Other than in relation to directors' fees as disclosed above there were no other transactions with key management personnel.

Transactions with other Related Parties

Directors and officers or their personally-related entities, hold positions in other entities that result in them having control or significant influence over the financial and operating policies of those entities.

Details of those transactions at the end of the year are as follows:

Entity	Note		Transactions		Balances	
			2020	2019	2020	2019
Turco & Co Pty Ltd	(i)	Administration and financial service costs	41,000	117,050	-	-
Vortiv Ltd	(ii)	Sub-lease of office premises	(28,400)	(12,000)	-	-
Keshi Technologies Pty Ltd	(iii)	Research and development costs	-	175,000	-	75,000

- (i) Turco & Co Pty Ltd is a company associated with Mr Victor Turco with Turco & Co providing corporate advisory, company secretarial, CFO, financial management and associated services.
- (ii) Vortiv Ltd (formerly Transaction Solutions International Ltd) is a company associated with Mr Gary Foster.
- (iii) Keshi Technologies Pty Ltd is the company that owns the intellectual property underpinning Pearl's business operations in which Gary Foster and Andrew Drennan hold directorships. Transactions with Keshi during the year comprise research and development costs which Pearl continues to undertake with Keshi relating to the project and technology.

25. CONTINGENT ASSETS AND LIABILITIES

The Directors are not aware of any contingent liabilities or contingent assets of the Company.

Pearl Global Limited

Notes to the Financial Statements

26. CAPITAL COMMITMENTS

Capital commitments relate to items of plant and IT equipment where funds have been committed but the assets not yet received.

\$ AUD	2019
Operating lease commitments	
Not later than 1 year	45,000
Between 1 to 5 years	233,181
Total commitment	278,181

27. INTERESTS IN SUBSIDIARIES

Composition of the Group

Set out below details of the subsidiaries held directly by the Group:

Name of entity	Country of Incorporation	Class of shares	Proportion of ownership interests held by the Group	
			2020	2019
Parent Entity:				
Pearl Global Limited				
Subsidiaries of Pearl Global Limited:				
Pearl Global Management Pty Ltd	Australia	Ordinary	100%	-
Australian Tyre Processors Pty Ltd	Australia	Ordinary	100%	-
Citation Resources Operations Pty Ltd	Australia	Ordinary	100%	100%
Citation Resources Aus Pty Ltd	Australia	Ordinary	100%	100%
Subsidiaries of Pearl Global Management Pty Ltd				
Rubber Reclamation Industries Pty Ltd	Australia	Ordinary	100%	100%
Tyre Resource Recovery Pty Ltd	Australia	Ordinary	100%	100%

The ultimate parent entity within the Company is Pearl Global Limited.

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 2:

Note that there has been no activity in Citation Resources Operations Pty Ltd and Citation Resources Aus Pty Ltd in the current year.

28. LEASES

Lease liabilities are presented in the statement of financial position as follows:

\$ AUD	2020	2019
Current	680,128	-
Non-current	2,184,850	-
Total leases	2,864,978	-

The Group has leases for the main warehouse and related facilities, an office and production building, and some IT equipment. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate (such as lease payments based on a percentage of Group sales) are excluded from the initial measurement of the lease liability and asset.

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to purchase the underlying leased asset outright at the end of the lease, or to extend the lease for a further term. The Group is prohibited from selling or pledging the underlying leased assets as security. For leases over office buildings and factory premises the Group must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Group must insure items of property, plant and equipment and incur maintenance fees on such items in accordance with the lease contracts.

Pearl Global Limited

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The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised on balance sheet:

Right-of-use asset	No. of right-of-use assets leased	Range of remaining term	Average remaining lease term	No. Of leases with extension options	No. Of leases with variable payments linked to an index	No. of leases with termination options
Office building	1	1.5 years	1.5 years	1	1	-
Industrial shed	1	4.6 years	4.6 years	1	1	-
Hardstand	1	4.6 years	4.6 years	1	1	-

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 30 June 2020 were as follows:

\$ AUD	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	After 5 years	Total
30 June 2020							
Lease payments	723,941	696,486	668,208	688,254	419,485	-	3,196,374
Finance charges	(126,802)	(96,380)	(67,071)	(35,768)	(5,374)	-	(331,395)
Net present values	597,139	600,106	601,137	652,486	414,111	-	2,864,979
30 June 2019							
Lease payments	-	-	-	-	-	-	-
Finance charges	-	-	-	-	-	-	-
Net present values	-	-	-	-	-	-	-

Lease payments not recognised as a liability

The group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

The expense relating to payments not included in the measurement of the lease liability is as follows:

\$ AUD	
Equipment	3,388
	3,388

At 30 June 2020 the Group was committed to short-term leases and the total commitment at that date was \$3,388.

Variable lease payments expensed on the basis that they are not recognised as a lease liability include rentals based on revenue from the use of the underlying asset and excess use charges on office equipment. Variable payment terms are used for a variety of reasons, including minimising costs for IT equipment with infrequent use. Variable lease payments are expensed in the period they are incurred.

Additional information on the right-of-use assets by class of assets is as follows:

\$ AUD	Buildings and hardstand
Opening value	3,232,392
Depreciation expense	(476,260)
Impairment	-
Carrying amount	2,756,132

Pearl Global Limited

Notes to the Financial Statements

29. FINANCIAL RISK MANAGEMENT

Overview

The Company has exposure to the following risks from their use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Company's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and the management of capital. The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Company through regular reviews of the risks.

The group holds the following financial instruments:

\$ AUD	2020	2019
Financial Assets		
Cash and cash equivalents	1,886,946	5,410,200
Other financial assets	326,206	-
Loans and receivables	1,166,550	592,754
Financial liabilities		
Trade and other payables	1,910,150	433,102
Other financial liability	35,379	-
Lease liabilities	2,864,978	-

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from trade receivables. The Company applies the AASB 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component. To measure expected credit losses the Company assesses trade receivables on an individual basis as they comprise few, proportionally large balances and have unique credit risk characteristics.

2020	Current	More than 30 days	More than 60 days	More than 90 days	Total
Expected credit loss	-	-	59%	62%	
Gross carrying amount	143,343	4,397	70,981	115,085	335,806
Loss allowing provision	-	-	(41,654)	(71,756)	(113,410)
Net carrying amount	143,343	4,397	29,327	43,329	220,396

2019	Current	More than 30 days	More than 60 days	More than 90 days	Total
Expected credit loss	-	-	-	-	-
Gross carrying amount	42,239	37,464	2,734	484	82,921
Loss allowing provision	-	-	-	-	-
Net carrying amount	42,239	37,464	2,734	484	82,921

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows.

All of the Company's financial liabilities are comprised of trade and other payables, having a maturity profile as follows:

2020	Within 6 months	6 – 12 months	1 – 5 years	More than 5 year	Total
Trade and other payables (note 17)	1,910,150	-	-	-	1,689,273

2019	Within 6 months	6 – 12 months	1 – 5 years	More than 5 year	Total
Trade and other payables (note 17)	433,102	-	-	-	370,910

Pearl Global Limited

Notes to the Financial Statements

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Cash flow and interest rate risk

The Company's only interest rate risk arises from cash and cash equivalents held. Term deposits and current accounts held with variable interest rates expose the group to cash flow interest rate risk. The Company has therefore, assessed its interest rate risk as low.

The Company's sensitivity of profit and equity to a reasonably possible change in interest rates of $\pm 0.5\%$ (2018: $\pm 0.5\%$) is approximately nil.

30. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern; and
- to provide an adequate return to shareholders by pricing products and services in a way that reflects the level of risk involved in providing those goods and services.

The Group monitors capital on the basis of the carrying amount of equity plus its subordinated loan, less cash and cash equivalents as presented on the face of the statement of financial position and cash flow hedges recognised in other comprehensive income.

The Group's goal in capital management is to maintain a capital-to-overall financing ratio of greater than 0.4 and to improve this ratio over time.

Management assesses the Group's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Group's various classes of debt. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The amounts managed as capital by the Group for the reporting periods under review are summarised as follows:

\$ AUD	2020	2019
Total equity	4,287,330	9,587,047
Cash and cash equivalents	(1,899,956)	(5,410,200)
Capital	2,387,374	4,176,847
Total equity	4,287,330	9,587,047
Borrowings	35,379	-
Lease liabilities	2,864,978	-
Overall financing	7,187,687	9,587,047
Capital-to-overall financing ratio	0.33	0.43

Pearl Global Limited

Notes to the Financial Statements

31. PARENT INFORMATION

Information relating to Pearl Global Limited (the Parent Entity):

Statement of Financial Position	2020	2019
ASSETS		
Current assets	1,758,764	5,317,682
Non-current Assets	3,316,745	4,254,573
Total Assets	5,075,509	9,572,255
LIABILITIES		
Current Liabilities	651,275	313,498
Non-current Liabilities	136,904	-
Total Liabilities	788,179	313,498
EQUITY		
Issued Capital	64,180,001	61,060,813
Retained earnings	(67,682,862)	(59,606,873)
Option reserve	6,272,804	6,287,430
Share based payment reserve	1,517,387	1,517,387
Total Equity	4,287,330	9,258,757
Statement of Profit or Loss and Other Comprehensive Income	2020	2019
Total profit	(2,099,316)	(3,128,151)
Total comprehensive income	(2,099,316)	(3,128,151)

The Parent Entity has not entered into a deed of cross guarantee nor are there any contingent liabilities at the year end.

32. POST-REPORTING DATE EVENTS

Prior to year end, the directors of Pearl Global Limited advised that the Company had received commitments to raise \$5.0 million through a two-tranche placement of approximately 71.4 million fully paid ordinary shares at 7 cents per share.

The first tranche was completed on 16 June 2020, with the issue of 24,558,233 shares under the Company's existing placement capacity and raised \$1,719,076. The second tranche (being the issue of 46,870,339 shares to raise the balance of \$3,288,92 was subject to shareholder approval and was approved at an Extraordinary General Meeting of shareholders held on 31 July 2020.

As announced on 14 October 2020, the Company agreed to issue 1,714,286 ordinary shares in lieu of the second milestone payment of \$150,000 (as consideration for the acquisition of Australian Tyre Processors Pty Ltd) plus \$6,000 in interest accrued in full and final settlement of the acquisition originally announced on 15 April 2019.

Directors' Declaration

1. In the opinion of the Directors of the Company:
 - a The consolidated financial statements and notes of the Company are in accordance with the *Corporations Act 2001*, including:
 - i Giving a true and fair view of its financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and
 - ii Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
 - b There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2020.
3. Note 2 confirms that the consolidated financial statements also comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:



GARY FOSTER
Executive Chairman

Dated the 30th of October 2020, at Stapylton, Queensland

Independent Auditor's Report

To the Members of Pearl Global Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Pearl Global 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, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

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

Material uncertainty related to going concern

We draw attention to Note 2(y) in the financial statements, which indicates that the Group incurred a net loss of \$9,284,966 during the year ended 30 June 2020, and as of that date, the Group's operating cash outflows totalled \$3,526,960. As stated in Note 2(y), these events or conditions, along with other matters as set forth in Note 2(y), indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

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

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p>Impairment of intangible assets (Note 6, 14, 15 and Note 16)</p> <p>Prior to impairment, at 30 June 2020, the Group had recognised the following intangible assets: goodwill of \$0.948 million, development assets of \$3.456 million and other intangible assets of \$0.687 million, as disclosed in Notes 14, 15, and 16. These assets related to one cash generating unit ("CGU"). An impairment charged totalling \$5.093 million (Note 6) has been recorded, fully impairing the carrying values of these assets, as at 30 June 2020.</p> <p>Indefinite lived intangible assets are required to be assessed for impairment annually by the company, as prescribed in AASB 136 <i>Impairment of Assets</i>. Finite lived tangible and intangible assets are required to be tested for impairment when indicators of impairment are present.</p> <p>Management tests for impairment by comparing the carrying amounts or the relevant assets or cash generating units (CGUs) against their recoverable amounts. The recoverable amount is the greater of the assets' or CGU's fair value less costs to sell and their value in use.</p> <p>This area is a key audit matter due to the significant estimations and judgements that Management and the Board must exercise when determining the value in use or fair value less costs to sell.</p> <p>The Company used the value in use approach to determine the recoverable amount of the CGU containing the intangible assets, and in doing so, considered the following key inputs;</p> <ul style="list-style-type: none"> • forecast revenues and expenses and their impact on cash flows; • estimated growth rates; • working capital adjustments; • estimated capital expenditure; • discount rate; and • terminal value. <p>These estimates and judgements requires specific valuation expertise and analysis.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • Understanding and documenting management's process and controls relating to the assessment of impairment, including management's identification of a single CGU and the calculation of the CGU's recoverable amount; • Evaluating the value-in-use models against the requirements of AASB 136 <i>Impairment of Assets</i>, including consultation with our corporate finance valuation expert; • Challenging the appropriateness of management's revenue and cost forecasts by comparing them with actual growth rates achieve historically; • Reviewing management's value-in-use calculations to: <ul style="list-style-type: none"> – Test the mathematical accuracy of the calculations; – Test forecast cash inflows and outflows to be derived by the CGUs assets; – Comparing estimates and judgements for growth rates to available market and industry data; – Agree discount rates applied to forecast future cash flows including consultation with our corporate finance valuations expert. • Performing sensitivity analysis on the significant inputs and assumptions made by management in preparing its calculation; and • Assessing the adequacy of financial report disclosures.

Accounting for Research and Development tax incentives Note 4

The Group received Research and Development (R&D) tax incentive payments under the research and development tax incentive scheme from the Australian Government. The recognition of R&D incentives reduces the costs for R&D activities of the Group. Per Note 4, the company recorded \$581,415 in R&D incentives relating to the R&D activities for the financial year ended 30 June 2020.

This area is a key audit matter due to the inherent subjectivity that is involved in the Group making judgements in relation to the calculation and recognition of the R&D rebate tax incentive income and receivable.

Our procedures included, amongst others:

- Comparing the nature of the R&D expenditure included in the current year estimate to the prior year claim;
 - Testing, on a sample basis, costs allocated by the Group to R&D to determine their eligibility in accordance with the relevant R&D legislation;
 - Engaging our R&D taxation experts to obtain an understanding of the Group's compliance with the relevant R&D tax incentives;
 - Comparing the Group's calculation for accrued receivables for the R&D tax incentives to prior year approved R&D taxation calculations; and
 - Assessing the appropriateness of the related financial statement disclosures.
-

Information other than the financial report and auditor's report thereon

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 our auditor's report thereon.

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

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 Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.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 8 to 11 of the Directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Pearl Global 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.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



L A Stella
Partner – Audit & Assurance

Perth, 30 October 2020

Additional Information

Additional information required by ASX listing rules and not disclosed elsewhere in this report is set out below.

Number of holders of equity securities

The shareholder information set out below was applicable as at 28 October 2020.

Ordinary shares

As at 28 October 2020, the issued capital comprised of 299,776,975 ordinary fully paid shares (ASX code: PG1) held by 2,077 holders.

The voting rights of shares are set out in note 20.

Options

As at 28 October 2020, the Company had the following options available to be exercised:

- 45,319,238 listed options (PG1OB) over ordinary shares with an exercise price of \$0.30 each, exercisable on or before 24 January 2021;
- 2,000,000 unlisted options over ordinary shares with an exercise price of \$0.191 each, exercisable on or before 13 June 2022; and
- 2,974,000 unlisted options over ordinary shares with an exercise price of \$0.15 each, exercisable on or before 6 August 2022.

Substantial shareholders

Ordinary Shareholder	Number of fully paid ordinary shares	Percentage of units
ROC Alternative Investment Pty Ltd & FSS Trustee Corporation as trustee of the First State Superannuation Scheme and ROC Capital Pty Limited as trustee for ROC ES Private Equity Trust	66,902,868	22.32%
Bretnall Custodians Pty Ltd	19,700,845	6.57%

Distribution schedule of shareholders

Holding - Ordinary Shares (ASX: PG1)	Number of Holders	Number of units
1 – 1,000	1,103	121,697
1,001 – 5,000	170	483,650
5,001 – 10,000	151	1,193,702
10,000 – 100,000	399	16,688,226
100,001 and over	254	281,289,700
Total	2,077	299,776,975

1,280 shareholders hold less than a marketable parcel of ordinary shares.

Top 20 shareholders

Rank	Name	Units	Percentage of units
1	Perpetual Corporate Trust Ltd <First State Super Scheme>	52,466,066	17.50
2	Bretnall Custodians Pty Ltd <The Foster Family A/C>	19,690,845	6.57
3	Perpetual Corporate Trust Ltd <ROC ESPET>	14,121,841	4.71
4	Mr Andrew Drennan <Drennan Family A/C>	13,871,183	4.63
5	Invia Custodian Pty Limited <Capricorn Society Limited>	8,858,696	2.96
6	Kedo (Aust) Pty Ltd	7,965,554	2.66
7	BNP Paribas Nominees Pty Ltd <IB AU Noms RetailClient DRP>	6,732,811	2.25
8	Fordholm Consultants Pty Ltd <Diana Beoehme Super Fund>	5,368,593	1.79
9	Westedge Investments Pty Ltd <The PMB Fund A/C>	5,150,000	1.72
10	Fifty Second Celebration Pty Ltd <McBain Family A/C>	5,000,000	1.67
11	Rubi Holdings Pty Ltd <John Rubino S/F A/C>	5,000,000	1.67
12	Carroll Engineering Investments Pty Ltd <Carroll Engineering A/C>	4,666,667	1.56
13	United Trolley Collections Pty Ltd	4,442,941	1.48
14	3rd Reef Pty Ltd <Superannuation Fund A/C>	3,917,032	1.31
15	Bearay Pty Limited <Brian Clayton S/F A/C>	3,388,066	1.13
16	Citicorp Nominees Pty Limited	3,219,841	1.07
17	Mick Carroll Super Pty Ltd	3,214,286	1.07
18	Mr James Henderson Allen	3,000,000	1.00
19	Bodhi Investments Limited	2,750,000	0.92
20	Bungeelap Pty Ltd	2,735,843	0.91
Total		175,560,265	58.58

Distribution schedule of listed option holders

Holding – Listed Options (ASX: PG10B)	Number of Holders	Number of units
1 – 1,000	1,054	110,827
1,001 – 5,000	120	279,377
5,001 – 10,000	42	321,318
10,000 – 100,000	60	1,842,791
100,001 and over	59	42,764,925
Total	1,335	45,319,238

Top 20 listed option holders

Rank	Name	Units	Percentage of units
1	DWB Venture Holdings Pty Ltd	15,000,000	33.10
2	Mr Paul Edgar <Paul Edgar Family Account>	3,500,000	7.72
3	Modeville Pty Ltd <Apache A/C>	1,975,000	4.36
4	KM Custodians Pty Ltd	1,750,000	3.86
5	Mick Carroll Super Pty Ltd	1,500,000	3.31
6	Michael Bernard Brennan	1,250,000	2.76
7	Invia Custodian Pty Limited <Capricorn Society Limited>	1,250,000	2.76
8	Thor Holdings Pty Ltd	1,000,000	2.21
9	S & M Fitzpatrick Pty Ltd <S & M Fitzpatrick Family A/C>	850,000	1.88
10	Lesuer Pty Ltd <PMB Super Fund A/C>	838,693	1.85
11	Urban Alcorp Pty Ltd <Jo Rylance Family A/C>	750,000	1.65
12	Mr Frank Joseph Nigro	729,166	1.61
13	Mrs Anjana Nandha	628,042	1.39
14	Daniel Pryor & Associates Pty Limited	627,191	1.38
15	Macaronis Pty Ltd <Pink Lady A/C>	625,000	1.38
16	Peterlyn Pty Ltd <RPC Salmon Super Fund A/C>	600,000	1.32
17	Mr Kevin Trevor Wyatt	500,002	1.10
18	Mr Robertino Galipo <Rob Galipo Family A/C>	500,000	1.10
19	Golden Asset Pty Ltd	500,000	1.10
20	Green Collar Pty Ltd <Patrician Vetinari Super A/C>	500,000	1.10
Total		34,873,094	76.94

Unquoted securities

Distribution schedule of unquoted option holders

Unlisted options	Options exercisable at \$0.191 expiring 13 June 2022		Options exercisable at \$0.15 expiring 6 August 2022	
	No. of Holders	Number of Options	Number of Options	Number of Options
100,001 and over	2	2,000,000	1	2,974,000
Total	2	2,000,000	1	2,974,000

The names of holders of more than 20% of an unlisted class of security are:

Unlisted options	Holder	Number of Options	Percentage
Options exercisable at \$0.191 expiring 13 June 2022	Greenlink Pty Ltd	1,000,000	50%
	MC & LC Barrett Family Pty Ltd	1,000,000	50%
Options exercisable at \$0.15 expiring 6 August 2022	Mr Dean Hely & Mr Joseph Abberton & Mr Shane Pentony <Lavan Partnership A/C>	2,974,000	100%

On-Market Buyback

There is no current on-market buy-back.