

Action Australia Pty Limited

ABN 91 116 893 326

Annual Report – 1 January to 31 December 2019

Actian Australia Pty Limited ABN 91 116 893 326

Financial report for the year ended 31 December 2019

DIRECTORS' REPORT

Your directors present their report together with the financial report of the company for the financial year ended 31 December 2019.

Directors

The names of the directors in office at any time during, or since the end of, the year are:

Marc David Monahan

Stephen Mark Padgett

Brett John Watson Miller

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

Review of Operations

The profit of the company for the financial year after providing for income tax amounted to **\$76,662**.
(2018: \$181,676)

Significant Changes in the State of Affairs

No significant changes in the company's state of affairs occurred during the financial year.

Principal Activity

The Company's principal activity is that of providing software computer consulting services.

No significant change in the nature of providing this activity occurred during the year.

Events Subsequent to the End of the Reporting Period

No matters or circumstances have arisen since the end of the financial year that has significantly or may significantly affect either:

- The company's operations in future financial years
- The results of those operations in future financial years or
- The company's state of affairs in future financial years

Likely Developments and Expected Results of Operations

Likely developments in the operations of the company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

Environmental Regulation

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Dividends

There were no dividends paid or declared since the start of the financial year.

Options

DIRECTORS' REPORT

No options over issued shares or interests in the company or a controlled entity were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

No shares were issued during or since the end of the year as a result of the exercise of an option over unissued shares or interests.

Indemnification of Officers

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the company.

Proceedings on Behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the company or 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 any part of those proceedings.

The company was not a party to any such proceedings during the year.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under s 307C of the *Corporations Act 2001* is set out on page 4.

This directors' report is signed in accordance with a resolution of the Board of Directors:

Dated this 27th of April 2020



.....
Director Marc Monahan



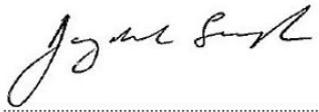
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Director Brett Miller

AUDITOR'S INDEPENDENCE DECLARATION
UNDER S 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF
ACTIAN AUSTRALIA PTY LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 31 DECEMBER 2019 there have been no contraventions of:

- i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. any applicable code of professional conduct in relation to the audit.

Dated this 26th of April 2020



Jack Singh
Registered Company Auditor – Goss & Clarke
6th Floor, 10 Spring Street, Sydney NSW 2000

Actian Australia Pty Limited ABN 91 116 893 326

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDING 31 DECEMBER 2019

	Note	2019	2018
		\$	\$
Revenue	2	10,126,324	9,843,337
Less: Cost of Goods Sold		(8,217,811)	7,902,749
Gross profit		1,908,513	1,940,588
Commission		(91,977)	(65,492)
Accounting, Audit, Tax Services		(140,816)	(129,182)
Occupancy expenses		(76,446)	(77,328)
Depreciation		(9,778)	(14,240)
Employee benefit expenses		(1,263,906)	(1,218,725)
Finance costs		(21,294)	(4,292)
Other expenses		(184,465)	(155,804)
Profit before income tax		119,830	275,525
Income Tax expense	4	(43,168)	(93,849)
Profit for the year		76,662	181,676
Other comprehensive income for the year			
Total comprehensive income for the year		76,662	181,676
Profit attributable to members of the entity		76,662	181,676
Total comprehensive income attributable to members of the entity		76,662	181,676

The accompanying notes form part of these financial statements.

Actian Australia Pty Limited ABN 91 116 893 326

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Note	2019	2018
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	751,229	1,999,183
Trade and other receivables	8	4,911,960	1,087,859
Current Tax Asset		5,945	6,801
Other assets	9	65,318	75,532
TOTAL CURRENT ASSETS		5,734,452	3,169,375
NON-CURRENT ASSETS			
Plant & Equipment	10	8,666	16,628
Loans	12	2,300,900	3,640,082
Deferred Tax Asset	13	-	142,446
Intangible assets		26,151	26,151
TOTAL NON-CURRENT ASSETS		2,335,717	3,825,307
TOTAL ASSETS		8,070,169	6,994,682
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	26,577	28,498
Current tax liabilities	13	590,197	526,262
Deferred tax liabilities	13	707,264	-
Provisions	14	410,810	526,641
Deferred Revenue	15	4,439,965	6,084,258
TOTAL CURRENT LIABILITIES		6,174,813	7,165,659
NON-CURRENT LIABILITIES			
Deferred Revenue	15	3,653	14,270
TOTAL NON-CURRENT LIABILITIES		3,653	14,270
TOTAL LIABILITIES		6,178,466	7,165,659
NET ASSETS		1,891,703	(185,247)
EQUITY			
Issued capital	16	1	1
Reserves		-	-
Retained earnings		1,891,702	(185,248)
TOTAL EQUITY		1,891,703	(185,247)

The accompanying notes form part of these financial statements.

Actian Australia Pty Limited ABN 91 116 893 326

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Issued Capital Ordinary \$	Retained Earnings \$	Total \$
Balance at 1 January 2018		1	(366,924)	(366,923)
Comprehensive income				
Profit for the year		-	181,676	181,676
Total comprehensive income for the year attributable to members of the entity		1	(185,248)	(185,247)
Total transactions with owners, and other transfers		-	-	-
Balance at 31 December 2018		1	(185,248)	(185,247)
Balance at 1 January 2019		1	(185,248)	(185,247)
Comprehensive income				
Profit for the year		-	76,662	76,662
Change due to take-up of AASB 15	1o.	-	2,000,288	2,000,288
Total comprehensive income for the year attributable to members of the entity		1	1,891,702	1,891,702
Total transactions with owners, and other transfers		-	-	-
Balance at 31 December 2019		1	1,891,702	1,891,702

The accompanying notes form part of these financial statements.

Action Australia Pty Limited ABN 91 116 893 326

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019	2018
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		7,314,855	10,965,092
Payments to suppliers and employees		(9,841,629)	(15,840,819)
Dividends received		-	-
Interest received		4,092	14,281
Finance costs		(19,470)	(1,353)
Income tax paid		(43,168)	(93,849)
Net cash provided by operating activities	19a	<u>(2,585,320)</u>	<u>(4,956,648)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment			
Proceeds from sale of available-for-sale investments			
Purchase of property, plant and equipment		(1,816)	-
Purchase of available-for-sale investments		-	-
Loan payments made to related parties		-	-
Loan repayments received from related parties		-	528,705
Net cash used in investing activities		<u>(1,816)</u>	<u>528,705</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans		1,339,182	1,298,767
Repayment of loans		-	-
Dividends paid		-	-
Net cash used in financing activities		<u>1,339,182</u>	<u>1,298,767</u>
Net increase in cash held		(1,247,954)	(3,129,176)
Cash and cash equivalents at beginning of financial year		1,999,183	5,128,359
Cash and cash equivalents at end of financial year	7	<u><u>751,229</u></u>	<u><u>1,999,183</u></u>

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

The financial statements cover Actian Australia Pty Limited as an individual entity. Actian Australia Pty Limited is a company limited by shares, incorporated and domiciled in Australia. It also includes the activities of a branch in New Zealand. The company was controlled by a foreign company for all of the reporting period and is not consolidated for that period in financial statements lodged with the Australian Securities and Investments Commission.

The financial statements were authorised for issue on 15 March 2020 by the directors of the company.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board and the *Corporations Act 2001*. The company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on 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. The amounts presented in the financial statements have been rounded to the nearest dollar.

a. **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 income 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.

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 company 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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.

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.

The company is subject to MAAL (Multi-national Anti-avoidance Law) requirements from the Australian Taxation Office.

b. **Significant Accounting Judgements, Estimates and Assumptions**

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenue, expenses, assets and liabilities, and the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcome that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

c. **Financial instruments**

Initial recognition and measurement

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, or initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial Assets

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. The Company's financial assets comprise of receivable only.

(i) *Loan and Receivables*

Trade receivables, loans and other receivables (including seed funding) that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at cost less impairment.

(ii) *Impairment of financial assets*

Financial assets, other than those at fair value through profit or loss, are assessed for impairment at the end of each reporting period. Financial Assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amount previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

(iii) *Derecognition of financial assets*

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership for the asset to another entity. The difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Financial Liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or 'other financial liabilities'. The Company has only other financial liabilities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

(i) *Other financial liabilities*

Other financial liabilities, including trade and other payables, are initially measured at fair value, net of transaction costs.

(ii) *Derecognition of financial liabilities*

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amounts of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

d. **Foreign Currency Transactions and Balances**

Functional and presentation currency

The Company's financial statements are presented in Australian Dollars (\$AUD) which is also the functional currency.

Transactions and balances

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

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except when they relate to investments in foreign entities, in which case they are deferred in equity as a qualifying cash flow or net investment hedge.

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

e. **Employee Benefits**

Short-term employee benefits

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss as part of employee benefits expense.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

The company's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

f. **Provisions**

Provisions are recognised when the company 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 at the best estimate of the amounts required to settle the obligation at the end of the reporting period.

g. **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

h. **Revenue and Other Income**

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed.

To determine whether to recognise revenue, the company 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 obligations are satisfied.

All revenue is stated net of the amount of goods and services tax.

i. **Trade and Other Receivables**

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets. The collectability of debts is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

j. **Trade and Other Payables**

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

k. **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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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.

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

m. Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

n. **New Accounting Standards being applied for the first time.**

AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods beginning on or after 1 January 2019, as deferred by AASB 2015-8: Amendments to Australian Accounting Standards – Effective Date of AASB 15).

This Standard replaces the current accounting requirements applicable to revenue with a single principles-based model. Apart from a limited number of exceptions, including leases, the new revenue model in AASB 15 applies to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- Identify the contract(s) with a customer;
- Identify the performance obligations in the contract(s);
- Determine the transaction price;
- Allocation the transaction price to the performance obligation in the contract(s); and
- Recognise revenue when (or as) the performance obligations are satisfied.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented per AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors (subject to certain practical expedients in AASB 15); or recognised the cumulative effect or retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements.

AASB 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers.

Due to the first-time adoption of AASB15 the Deferred Revenue liability was reduced as at 1 January 2019 by \$2,857,551. The Deferred Tax Liability was \$857,264. The credit made to the retained earnings on 1 January, 2019 in accordance with the transition to AASB15 is \$2,000,288.

The effect of using AASB15 in the current year will be an increase in revenue of \$373,425 and an increase in cost of sales of \$481,007. The effect on profit after tax is a decrease of \$75,307.

Actian Australia Pty Limited ABN 91 116 893 326

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 2: REVENUE

	Note	2019 \$	2018 \$
Revenue			
Sales revenue:			
– Sales income		10,121,174	9,819,215
Other revenue:			
– dividends received		-	
– interests received		-	
Related parties		-	
Other persons		4,092	14,281
– Realised gain		81	9,840
- Other revenue		977	
Total revenue		10,126,324	9,843,336

NOTE 3: PROFIT BEFORE INCOME TAX

	2019 \$	2018 \$
a. Expenses		
Interest expense on financial liabilities not at fair value through profit or loss:		
– external	1,824	2,940
– related entities	19,470	1,352
– other related parties	-	
Total finance costs	21,294	4,292
Employee benefits expense:		
– contributions to superannuation funds	116,345	121,467
Expenses: Other		
Foreign currency translation losses	24,026	12,480
Bad and doubtful debts:		
– trade receivables	-	
Total bad and doubtful debts	-	
Rental expense on operating leases:		
– minimum lease payments	-	
– contingent rents	-	
– sublease payments	-	
	24,026	12,480

Actian Australia Pty Limited ABN 91 116 893 326

NOTE 4: TAX EXPENSE

	Note	2019	2018
		\$	\$
a. The components of tax (expense) income comprise:			
Current tax		(50,722)	(93,849)
Deferred tax	13	7,554	-
Recoupment of associated company's tax losses			
Under-provision in respect of prior years			
		(43,168)	(93,849)
b. The prima facie tax on profit before income tax is reconciled to income tax as follows:			
Prima facie tax payable on profit before income tax at 30%		35,948	82,658
 Add:			
Tax effect of:			
- other non-allowable items		7,220	24,257
 Less:			
Tax effect of:			
- rebateable fully franked dividends		-	-
- non-taxable capital profit on sale of investments		-	-
- Prior year adjustments		-	(13,066)
 Income tax attributable to entity		43,168	93,849
The applicable weighted average effective tax rates are as follows:		36.6%	34.0%

NOTE 5: KEY MANAGEMENT PERSONNEL COMPENSATION

The totals of remuneration paid to key management personnel (KMP) of the company during the year are as follows:

	2019	2018
	\$	\$
Short-term employee benefits	-	-
Post-employment benefits	-	-
	<u>-</u>	<u>-</u>
	<u><u>-</u></u>	<u><u>-</u></u>

Refer to Note 18 for related party transactions.

NOTE 6: AUDITOR'S REMUNERATION

	2019	2018
	\$	\$
Remuneration of the auditor:		
- auditing or reviewing the financial statements	15,000	-
- consulting services	-	-
	<u>15,000</u>	<u>-</u>
	<u><u>15,000</u></u>	<u><u>-</u></u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 7: CASH AND CASH EQUIVALENTS

	2019	2018
	\$	\$
Cash at bank and on hand	751,229	1,999,183
	<u>751,229</u>	<u>1,999,183</u>

The effective interest rate on short-term bank deposits was 0%.

Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash at bank and on hand	<u>751,229</u>	<u>1,999,183</u>
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NOTE 8: TRADE AND OTHER RECEIVABLES

	2019	2018
	\$	\$
CURRENT		
Trade receivables	4,911,960	1,087,859
Provision for impairment	-	-
	<u>4,911,960</u>	<u>1,087,859</u>
Other receivables		
Loans to directors	-	-
Loans to other related parties	-	-
Total current trade and other receivables	<u>4,911,960</u>	<u>1,087,859</u>

	Gross Amount	Past Due and Impaired	Past Due but Not Impaired (Days Overdue)				Within Initial Trade Terms
			< 30	31-60	61-90	> 90	
2019	\$	\$	\$	\$	\$	\$	\$
Trade receivables	4,911,960	-	4,624,910	46,074	-	240,975	4,911,960
Other receivables	-	-	-	-	-	-	-
Total	<u>4,911,960</u>	<u>-</u>	<u>4,624,910</u>	<u>46,074</u>	<u>-</u>	<u>240,975</u>	<u>4,911,960</u>

Actian Australia Pty Limited ABN 91 116 893 326

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 9: OTHER ASSETS

	2019	2018
	\$	\$
CURRENT		
Prepayments	65,318	75,532
Other Assets	-	-
	<hr/>	<hr/>
	65,318	75,532

NOTE 10: FIXED ASSETS

	2019	2018
	\$	\$
Plant & Equipment		
Computer Hardware	90,861	89,046
Less: Accumulated Depreciation – Computer Hardware	(82,732)	(73,269)
Office Furniture & Equipment	3,149	3,149
Less: Accumulated Depreciation – Office Furniture	(2,613)	(2,298)
	<hr/>	<hr/>
Total Plant & Equipment	8,666	16,628

	2019	2018
	\$	\$
NOTE 11: CURRENT		
Unsecured Liabilities:		
Trade payables	23,221	28,498
Other payables	3,357	-
	<hr/>	<hr/>
	26,578	28,498

NOTE 12: LOANS

CURRENT ASSETS

Loan - Intercompany	2,300,900	3,640,082
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The loan is unsecured and is subject to an interest rate in accordance with OECD rates for Australia

Actian Australia Pty Limited ABN 91 116 893 326

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 13: TAX BALANCES	2019	2018
	\$	\$
CURRENT		
Income Tax	(15,878)	28,077
GST	606,074	498,185
TOTAL	<u>590,197</u>	<u>526,262</u>

	Opening Balance	(Charged)/ Credited to Profit or Loss	(Charged)/ Credited Directly to Equity	Changes in Tax Rates	Exchange Differences	Closing Balance
	\$	\$	\$	\$	\$	\$
2019	142,446					
Deferred tax on:						
Provisions – employee benefits	137,551	(33,796)	-	-	-	103,755
Accruals	3,743	3,465	-	-	-	7,208
Other	1,152	(407)		-	-	745
Adjustment on prior year		6,017				6,017
Adoption entry to Retained Earnings			(857,264)			(857,264)
Tax on current year deferred revenue		32,275				32,275
	<u>142,446</u>	<u>7,554</u>	<u>(857,264)</u>	<u>-</u>	<u>-</u>	<u>(707,264)</u>

NOTE 14: PROVISIONS	2019	2018
	\$	\$
CURRENT		
Provisions - Accrued Employee Benefits	410,810	526,641

	2019	2018
	\$	\$
Analysis of provisions		
Opening balance at 1 January	526,641	520,088
Additional provisions	220,308	266,305
Amounts used	336,139	259,752
Balance at 31 December	<u>410,810</u>	<u>526,641</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Provision for employee benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the company does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

NOTE 15: DEFERRED REVENUE

	2019	2018
CURRENT		
Deferred Revenue	4,439,965	6,084,258
NON-CURRENT		
Deferred Revenue	3,653	14,270

NOTE 16: ISSUED CAPITAL

	No.
a. Ordinary shares	
At the beginning of the reporting period	1
At the end of the reporting period	1
Ordinary shareholders participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.	
At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called; otherwise each shareholder has one vote on a show of hands.	

NOTE 17: LEASE COMMITMENTS

a. Finance Lease Commitments – None		
b. Operating Lease Commitments		
Non-cancellable operating leases contracted for but not	2019	2018
Recognised in the financial statements		
Payable – minimum lease payments:		
Not later than 12 months	-	-
Between 12 months and 5 years	-	-
Later than 5 years	-	-

NOTE 18: RELATED PARTY TRANSACTIONS

Related Parties

The company's main related parties are as follows:

a. **Entities exercising control over the company**

The ultimate parent entity, which exercises control over the company, is:
HCL Technologies SEP Holdings, INC.

b. **Key management personnel**

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity is considered key management personnel.

c. **Other related parties**

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel, individually or collectively with their close family friends.

Transactions and outstanding balances with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties (i.e. at arm's length) unless the terms and conditions disclosed below state otherwise. The following transactions occurred with related parties:

	Note	2019	2018
		\$	\$
(i) Entities exercising control over the company			
Purchase of Goods and Services		8,101,432	7,764,809
Interest paid		19,470	4,292
Owing from holding Company	12	2,300,900	3,640,082
(ii) Key management personnel			
Short term employee benefits	5	-	-
(iii) Other related parties			
North Shore Accountancy P/L – consulting and accounting services		120,000	120,000

NOTE 19: CASH FLOW INFORMATION

	2019	2018
	\$	\$
a. Reconciliation of cash flows from operating activities with profit after income tax		
Profit after income tax	76,662	181,676
Non-cash flows in profit:		
– depreciation and amortisation	9,778	14,240
– net gain on disposal of property, plant and equipment	-	-
– net gain on disposal of investments	-	-
– share of associate's net profit after dividends	-	-
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
– (increase)/decrease in trade and other receivables	(3,824,101)	137,421
– decrease/(increase) in other assets	10,214	31,513
– (increase)/decrease in inventories	-	-
– increase/(decrease) in trade and other payables	(1,920)	4,079
– increase/(decrease) in taxes payable	64,791	(36,305)
– (decrease)/increase in deferred taxes payable	849,710	(23,955)
– increase/(decrease) in provisions	229,546	(5,265,317)
	<u>(2,585,320)</u>	<u>(4,956,648)</u>

NOTE 20: FINANCIAL RISK MANAGEMENT

	Note	2019 \$	2018 \$
Financial assets			
Cash and cash equivalents		751,229	1,999,183
Loans and receivables		4,911,960	1,087,859
Loans		2,300,900	3,640,082
Available-for-sale financial assets:			
– at fair value:			
– listed investments		-	-
– unlisted investments		-	-
		<u>7,964,089</u>	<u>6,727,124</u>
Total financial assets		<u>7,964,089</u>	<u>6,727,124</u>
Financial liabilities			
Financial liabilities at amortised cost:			
– trade and other payables		26,577	28,498
– loans		-	-
Total financial liabilities		<u>26,577</u>	<u>28,498</u>

Financial liability and financial asset maturity analysis

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	\$	\$	\$	\$	\$	\$	\$	\$
Financial liabilities due for payment								
Bank overdrafts and loans	-	-	-	-	-	-	-	-
Trade and other payables	26,577	28,498	-	-	-	-	26,577	28,498
Finance lease liabilities	-	-	-	-	-	-	-	-
Total contractual outflows	26,577	28,498	-	-	-	-	26,577	28,498
Less bank overdrafts	-	-	-	-	-	-	-	-
Total expected outflows	26,577	28,498	-	-	-	-	26,577	28,498

Financial assets – cash flows realisable

Cash and cash equivalents	751,229	1,999,183	-	-	-	-	751,229	1,999,183
Trade, term and loan receivables	-	-	4,911,960	1,087,859	-	-	4,911,960	1,087,859
Other investments	-	-	2,300,900	3,640,082	-	-	2,300,900	3,640,082
Total anticipated inflows	751,229	1,999,183	7,212,860	4,727,941	-	-	7,964,089	6,727,124
Net (outflow)/inflow on financial instruments	751,229	1,999,183	7,212,860	4,727,941	-	-	7,964,089	6,727,124

NOTE 21: COMPANY DETAILS

The registered office of the company is:

Actian Australia Pty Limited
Suite 108, 460 Pacific Highway, St Leonards NSW 2065

The principal place of business is:

Actian Australia Pty Limited
Suite 108, 460 Pacific Highway, St Leonards NSW 2065

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Actian Australia Pty Limited, the directors declare that:

1. The financial statements and notes, as set out on pages 5 to 25, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Australian Accounting Standards - Reduced Disclosure Requirements as stated in accounting policy note 1 to the financial statements and the *Corporations Regulations 2001*; and
 - b. give a true and fair view of the financial position as at 31 December 2019 and of the performance for the year ended on that date of the company.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Dated this 27th of April 2020



.....
Director Marc Monahan



.....
Director Brett Miller

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ACTIAN AUSTRALIA PTY LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Actian Australia Pty Limited (the company), which comprises Statement of Financial Position as at 31 December 2019, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended 31 December 2019, and Notes to the Financial Statements, including a Summary of Significant Accounting Policies, and the Directors' Declaration.

In our opinion:

- a. the accompanying financial report of Actian Australia Pty Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 31 December 2019 and of its financial performance for the year then ended; and
 - (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements 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 company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

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 company's annual report for the year ended 31 December 2019, 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 accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the company'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 company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ACTIAN AUSTRALIA PTY LIMITED

Auditor's Responsibilities for the Audit of the Financial Report

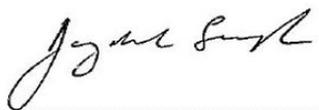
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Auditor's name and signature:



Jack Singh

Lead Auditor – Goss & Clarke

6th Floor, 10 Spring Street, Sydney NSW 2000

Dated this 30th of April 2020