ASX Announcement

1 April 2020

Invigor 2019 Full Year Statutory Accounts (unaudited)

Invigor Group Limited (ASX: IVO) ("**Invigor**" or "**the Company**") is releasing its Full Year Statutory Accounts as at December 31, 2019. The Accounts are being released by the Company today as an unaudited version, due to the delay in the Auditors finalising the audit.

The Accounts are subject to any audit adjustments. The audited Full Year Statutory Accounts will be released as soon as the audit is finalised and reviewed by the Board.

This release is authorized by Gary Cohen, Executive Chairman.

-ENDS-

For more information contact:

Gary Cohen
Executive Chairman
+61 2 8251 9600

About Invigor Group
Invigor Group (ASX: IVO) is a B2B data intelligence and solutions company that turns data analytics into dollars for the retail and service industries. Invigor's innovation in owned retail platforms and unique cross-channel data ecosystem allows businesses to have a holistic view of their customers and competitive landscape to not only understand, but effectively engage with today's physical and digital consumers. Combined with proprietary data and predictive engines, Invigor Group provides strategic insights and recommendations that empower businesses to successfully influence future customer strategy and increase long-term profitability.

Web: www.invigorgroup.com |email: info@invigorgroup.com
Twitter: https://twitter.com/InvigorGroup | LinkedIn: https://sg.linkedin.com/company/invigor-group

INVIGOR GROUP LIMITED

ACN 081 368 274

FINANCIAL REPORT[1]

31 DECEMBER 2019

[1] **The Company provides this unaudited copy of the Financial Report**

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DIRECTORS' REPORT

The Directors present their report together with the financial report of the Consolidated Entity comprising Invigor Group Limited ("the Company" or "Invigor") and its controlled entities (together "the Consolidated Entity") for the financial year ended 31 December 2019. The Directors note that this version of the financial report is unaudited, as the Company's auditors have not yet finalised their audit procedures. An audited financial report will be presented as soon as it is completed.

Directors

The Directors of the Company at any time during or since the end of the reporting period were:

Directors	Appointed
Gary Cohen – appointed Chairman on 18 June 2019	19 July 2012
Roger Clifford	18 November 2015
Gregory Cohen	19 July 2012
Jeremy Morgan	2 March 2016
Robert McKinnon (Chairman) – resigned as Director on 18 June 2019	3 July 2017
Jack Hanrahan	3 July 2017
Claire Mula – resigned as Director on 31 May 2019	3 July 2017

Details of the experience and qualifications of directors in office at the date of this report are:

Gary Cohen
Executive Chairman and CEO
Masters of Laws (Honours 2nd), Bachelor of Laws and Bachelor of Commerce

Gary Cohen has extensive experience in the information technology industry. Gary was Executive Chairman and Chief Executive Officer of iSOFT Group Limited, an ASX listed company, from 1999 until 2010. Together with Brian Cohen, Gary built iSOFT into one of Australia's largest technology companies with operations in over 40 countries. Gary is the principal of the Marcel Equity group which is an investor in technology businesses. Gary was previously a leading legal practitioner and a principal of an Australian investment bank.

Gary has the diverse expertise and experience required to execute growth strategies for information technology focused businesses and has a proven track record of building management teams, strengthening customer relationships and developing ties with stakeholders.

Other listed company directorships in the past 3 years: MPower Group Limited (formerly known as TAG Pacific Limited) – 1999 to current

Roger Clifford
Non-Executive Director

Roger Clifford has over forty years' experience in Australia and Internationally in sales and operations, including end-to-end management of supply chains, sales activities, sourcing and customer relations. Roger is active in community service and co-founded a prominent organisation providing crisis care services for the broader Sydney community.

Other listed company directorships in the past 3 years: None

Gregory Cohen
Chief Financial Officer
Bachelor of Commerce (Marketing)

Greg has an extensive international background in financial services and general management gained from a 27-year career with Ford Credit, the captive financing arm of Ford Motor Company. Greg brings to Invigor his significant expertise in the financial services sector and operational market experience in Australia, Europe, South East Asia, India and China.

Other listed company directorships in the past 3 years: None

Jeremy Morgan
Non-Executive Director
Bachelor of Arts, Bachelor of Law

Jeremy Morgan is a seasoned corporate development executive with over 20 years' experience in value creation for companies through advisory and leading strategic initiatives. He has advised numerous Australian and international companies on their inorganic growth strategies in Australia, New Zealand, USA, UK and South-East Asia. Jeremy is a director of a private investment and advisory firm where he specialises in the technology, digital media and telecommunications sectors. Jeremy practiced law with an international firm in the early part of his career.

Other listed company directorships in the past 3 years: None

Jack Hanrahan
Non-Executive Director
Masters of Business (Management)

Jack Hanrahan has over 30 years of retail industry experience and a deep understanding of retail trends, technologies and strategies as well as a network of local and international contacts. He is a Non-Executive Director of ASX listed company The Reject Shop. He has previously been General Manager of Retailer Relations at Scentre Group Limited, an ASX listed company and owner of the Westfield brand in Australia and New Zealand. He is also on the Board of World Skills Australia; an organisation devoted to the development of skills within young Australians.

Previously, Jack served in a variety of Senior Executive roles in both public and private retail companies, with roles including General Manager of Vodafone Australia and CEO of Aquareuse (Aust) Limited, an unlisted public company.

Other listed company directorships in the past 3 years: The Reject Shop – December 2018 to current

Company Secretary
Julian Rockett – appointed 30 January 2019
Bachelor of Arts, and Bachelor of Laws

Julian Rockett's background is as a Corporate Lawyer and Company Secretary. His legal background includes advising on IPOs, M&A, RTOs and capital raising for ASX listed companies. His corporate secretarial experience for ASX companies includes representing fin-tech, artificial intelligence, medical technology, logistics, equity, resources, mining, building, energy as well as media.

Director Meetings
The number of Board meetings held and the number of meetings attended by each of the directors of the Company during the financial year were:

Directors	Board Meetings		Audit & Risk Committee Meetings		Remuneration Committee Meetings	
	A	B	A	B	A	B
Gary Cohen	16	16	n/a	n/a	n/a	n/a
Roger Clifford	16	16	n/a	n/a	0[1]	0[1]
Gregory Cohen	16	16	n/a	n/a	n/a	n/a
Jeremy Morgan	16	16	2	2	n/a	n/a
Robert McKinnon	5	5	1	1	n/a	n/a
Jack Hanrahan	16	14	n/a	n/a	0[1]	0[1]
Claire Mula	5	5	n/a	n/a	n/a	n/a

A - Number of meetings held during the time the director held office during the period.

B - Number of meetings attended.
n/a – not applicable.
[1] The Board as a whole considered Remuneration and Nomination matters during the reporting period.

Environmental Regulation and Performance
The Consolidated Entity is not subject to any particular or significant environmental regulations under the laws of jurisdictions in which it operates.

Principal Activity
Invigor is a B2B data intelligence and analytics company that provides data driven solutions to enable brands, suppliers and retailers to understand customers behaviour, grow revenue and margin and build loyalty through actionable insights. Invigor's products solutions include Retailer Insights, Loyalty, Pricing and Skyware (TillerStack).

Invigor's innovation in owned retail platforms and unique cross-channel data ecosystem allows businesses to have a holistic view of their customers and competitive landscape to not only understand, but effectively engage with today's physical and digital consumers. Combined with proprietary data and predictive engines, Invigor Group provides strategic insights and recommendations that empower businesses to successfully influence future customer strategy and increase long-term profitability.

Significant Changes in the State of Affairs
The Company has continued operating as a B2B data intelligence and solutions group during the financial period. The business activities have been funded by the raising of new equity and drawing on available debt facilities. Details are provided throughout this Directors' Report.

In October 2019 the Company's shares were voluntarily suspended from the ASX while the Company sought to restructure the balance sheet and raise additional working capital through the issue of new shares. The Company is preparing to hold a General Meeting of Shareholders in May 2020 to seek approval for resolutions to both restructure a significant amount of debt to equity, and issue new shares.

There were no other significant changes in the affairs of the Consolidated Entity during the financial period.

Operating and Financial Review

Result for the period
The net loss after tax of the Consolidated Entity for the year ended 31 December 2019 was $13,068,000 (31 December 2018 - $12,334,000 loss).

The result for 2019 reflects:
- Revenue from sales, licence fees and services from continuing operations from the core Loyalty and Pricing divisions for the period was approximately $965,000, down 23% on the $1,251,000 booked in 2018;
- $1,605,000 of revenue was booked from TillerStack Field Force Management in 2019, up 51% on the $1,066,000 revenue from 1 May 2018;
- Other income included R&D tax rebates of $1.1 million (2018: $1.1 million);
- A net loss before financing costs, tax, depreciation, amortisation and impairment (EBITDAI) from continuing operations of $4.7 million (2018: $4.0 million loss);
- A decision was made during the year to write down the carrying value of intellectual property, resulting in an impairment charge of $4,727,000, (as reported at 30 June 2019), booked against the Group's goodwill and intangible assets, in addition to $1,931,000 of depreciation and amortisation charges; and
- Interest and borrowing costs incurred on convertible note and debt facilities of $1.7 million (2018: $1.1 million).

Product offering
Loyalty Solution
Invigor's Loyalty product is a multi-merchant loyalty solution designed for brands and retailers to drive customer loyalty. Functions and benefits include:
- Ability to drive frequency, spend, through targeted retail content, timely rewards, personalised messaging and predictive recommendations
- Build customer segmentation by category and loyalty profile. Increase customer spend, frequency, and lifetime value by segment

- Built in campaign functionality to build personalised and segmented SMS campaigns

Pricing Solution

Invigor's Pricing solution is designed for retailers and brands to build better pricing strategies. It provides visibility into competitor's pricing and promotions to help customers develop successful strategies and make better repricing and investment decisions that improve sales, volume and margin. Functions and benefits include:

- Ability to get market and channel pricing along with competitor intelligence to enable retailers to build more effective pricing strategies and respond to market movement
- Access to historical pricing to understand previous trends (Liquor & Consumer Electronics sectors)
- Tracks products and pricing across key retailers

Retailer Insights Solution

Invigors Retailer Insights Solution is designed for retailers to better connect with their customers. Functions and benefits include:

- Find actionable insights from existing POS data and better understand customer purchase behavior, promotional effectiveness and product mix
- Benchmarking and find recommendations to drive value and merchant performance
- Get visibility into merchant and territory performance

TillerStack | Skyware

Invigor currently operates an established integrated field force management solution for companies with mobile staff in service and maintenance. This solution is known as Skyware.

Skyware allows companies to seamlessly manage their mobile workforce. It optimises technical, field workflow, increases customer satisfaction through AI and provides dispatchers and mobile workers with an intuitive interface for all directives.

Review of the year

In 2019, the Company initiated a number of major restructures that reduced the operating cash outflow, increased revenues, and initiative that will strengthen its balance sheet.

At an operational level the Company has strengthened the sales and marketing team around its core solutions being data insights for Brands and Retailers. The benefit of these decisions has already flowed into FY20 with stronger sales and a growing pipeline. In addition, the Company has closed down or ceased initiatives where it considers the lead time to sales and positive cash generation is too slow. The Company will no longer proceed with its Smart Farm initiative and has begun discussions terminating the proposed acquisition of Sun Asia group. Lastly, the Company has sought to find strategic options for its subsidiary, TillerStack in Berlin.

Restructuring of debt

In 2019, the Company restructured some of its financing facilities, and received additional proceeds from new and existing facilities. This included:

- $1.8 million repayment of PFG loan facility, including $1.05 million which has been taken over by Gary Cohen (Director);
- $1.0 million repayment against 2018 R&D claim loan on receipt of the Company's 2018 R&D rebate during the period, and drawdown of a new $0.7 million loan facility secured against the 2019 R&D activities of the Company;
- $1.9 million proceeds from new loan facilities with sophisticated investors; and
- Net $0.8 million proceeds from drawdowns against the existing Marcel Equity loan facility.

In February 2020, the Company extended the term and amount of the loan facility agreement with Marcel Equity Pty Ltd to 31 December 2021, and $7.5 million (from $5 million at 31 December 2019) with 15% pa interest. It is intended that a significant portion of the Marcel Equity facility will be converted to equity in 2020, subject to shareholder approval. See below under 'Events subsequent to reporting date'.

Shares issued and exercise of options

To assist in the funding of growth, repayment of debts and working capital, a total of 503,211,001 ordinary shares of the Company were issued in the year ended 31 December 2019 (zero on the exercise of options).

At a General Meeting on 26 September 2019 the Company's shareholders approved a consolidation of the Company's ordinary share capital, and other equity instruments including incentive options and convertible notes, in the ratio of 20:1. The consolidation was completed on 10 October 2019, and reduced the number of ordinary shares on issue by 2,888,731,544.

At 31 December 2019 there were 152,039,352 ordinary shares on issue (2018: 2,537,559,895). No ordinary shares have been issued since balance date to the date of this report. As discussed under 'Events subsequent to reporting date' below, the Company intends to call a General Meeting of shareholders in May 2020 to seek approval for a significant capital raise.

At 31 December 2019, there were a total of 38,209,632 (2018: 190,433,325) unlisted options (including incentive options) on issue. Refer to note 20 for further information.

Dividends
No interim dividend for the 2019 financial year was proposed or declared. No final dividend for the 2018 financial year has been proposed or declared. A dividend reinvestment plan has not been activated.

Directors' interests
The relevant interests of each Director, including their personally related entities, in the equity of the Company at the date of this report are disclosed in the Remuneration Report.

Remuneration Report
The Remuneration Report for the year ended 31 December 2019 is set out on page 11 and forms part of this Directors' Report.

Share options

(a) Options granted under incentive plans

The Company provides benefits to defined employees of the Consolidated Entity (including executive directors) in the form of share-based payment transactions, whereby employees render services in exchange for shares or options over shares ("equity-settled transactions"). Approved incentive plans for the granting of options to defined employees (including executive directors) ("Plans") are in place. At 31 December 2019, there were 7,628,379 options on issue under the Plans (2018 – 173,183,325). As per note 19, a consolidation of the Company's equity instruments occurred in October 2019, which reduced the number of incentive options on issue at that time in the ratio of 20:1.

Options on issue under the Plans may have varying vesting dates. All options on issue under the Plans at 31 December 2019 expire 5 years from the applicable grant date.

The Company did not issue any ordinary shares to participants in the Plans during the year ended 31 December 2019 upon exercise of options as no previously granted options were exercised. The issue of shares upon the exercise of options will be governed by the terms of the relevant plan.

Date options granted	Expiry Date	Exercise price[1] $	Balance at start of the period #	Issued during the period #	Cancelled or Lapsed during the period #	Impact of share consolidation #	Exercised during the period #	Balance at end of the period #	Exercisable at end of the period #
17-Sep-14	17-Sep-19	2.00	3,283,328	0	(3,823,328)	0	0	0	0
26-Mar-15	26-Mar-20	2.00	3,166,665	0	0	(3,008,328)	0	158,337	158,337
1-Jul-15	1-Jul-20	2.00	6,583,333	0	0	(6,254,164)	0	329,169	329,169
29-Jul-15	29-Jul-20	2.00	416,667	0	0	(395,833)	0	20,834	20,834
1-Dec-15	1-Dec-20	2.00	416,665	0	0	(395,830)	0	20,835	20,835
12-Jul-16	12-Jul-21	1.00	2,500,000	0	(2,500,000)	0	0	0	0
20-May-17	20-May-22	1.00	5,816,667	0	(416,667)	(5,129,990)	0	270,010	196,674
22-Jun-17	22-Jun-22	0.60	1,000,000	0	0	(949,996)	0	50,004	33,336
3-Jul-17	3-Jul-22	1.00	2,000,000	0	0	(1,899,998)	0	100,002	66,668
1-Aug-17	1-Aug-22	1.00	2,250,000	0	(416,667)	(1,741,659)	0	91,674	75,006
3-Apr-18	3-Apr-23	1.00	750,000	0	0	(712,500)	0	37,500	12,500
4-Dec-18	4-Dec-23	0.20	145,000,000	0	(14,000,000)	(124,449,986)	0	6,550,014	2,183,338
Total			**173,183,325**	**0**	**(20,616,662)**	**(144,938,284)**	**0**	**7,628,379**	**3,096,698**

(b) Other Options

The Company has granted options over shares ("Other Options") as part of fee arrangements for capital markets and other services; to non-executive Directors; and to sophisticated investors as detailed in the table below.

Entitlement – one fully paid ordinary share in the Company for each Other Option exercised. There are no vesting or exercise conditions.

During the period, no ordinary shares were issued on exercise of options.

Date options granted	Expiry Date	Exer-cise price[1]	Balance at start of the period	Issued during the period	Cancelled or Lapsed during the period	Impact of share consolidation	Exer-cised during the period	Balance at the end of the period[1]	Exercisable at the end of the period
		$	#	#	#	#	#	#	#
18-Aug-14	5-Aug-19	2.00	5,000,000	0	(5,000,000)	0	0	0	0
17-Jun-16	17-Jun-21	2.00	750,000	0	0	(712,500)	0	37,500	37,500
17-Jun-16	1-Jul-19	2.00	10,000,000	0	(10,000,000)	0	0	0	0
19-Apr-17	19-Apr-22	1.00	750,000	0	0	(712,500)	0	37,500	37,500
5-Jul-17	5-Jul-22	0.60	500,000	0	0	(474,998)	0	25,002	16,668
5-Jul-17	5-Jul-22	1.00	250,000	0	0	(237,499)	0	12,501	8,334
28-Feb-19	28-Feb-20	0.08	0	25,000,000	0	(23,750,000)	0	1,250,000	1,250,000
29-May-19	29-May-20	0.10	0	50,000,000	0	(47,500,000)	0	2,500,000	2,500,000
25-Sep-19	28-Feb-20	0.08	0	93,750,000	0	(89,062,500)	0	4,687,500	4,687,500
25-Sep-19	28-Feb-20	0.08	0	15,625,000	0	(14,843,750)	0	781,250	781,250
27-Nov-19	31-Dec-20	0.08	0	21,250,000	0	0	0	21,250,000	21,250,000
Total			**17,250,000**	**205,625,000**	**(15,000,000)**	**(177,293,747)**	**0**	**30,581,253**	**30,568,752**

[1] *6,718,750 options have expired since 31 December 2019.*

Indemnification and Insurance of Officers

The Company's Constitution provides that the Company may indemnify any current or former Director, Secretary or executive officer of the Company or of a subsidiary of the Company out of the property of the Company against every liability incurred by a person in that capacity (except a liability for legal costs) and against all legal costs incurred in defending proceedings, whether civil or criminal or of an administrative or investigatory nature, in which the person becomes involved because of that capacity.

In accordance with the provisions of the Corporations Act 2001, the Company has a Directors and Officers Liability policy which covers all past, present or future Directors, secretaries and executive officers of the Company and its controlled entities. The terms of the policy specifically prohibit disclosure of details of the amount of the insurance cover and the premium paid.

The indemnification and insurances are limited to the extent permitted by law.

Events subsequent to reporting date

As per note 31, since balance date, the Company have repaid an additional $100,000 to Raus Capital toward the convertible note dispute settlement.

In February 2020, the Company extended the term and amount of the loan facility agreement with Marcel Equity Pty Ltd to 31 December 2021, and $7.5 million (from $5 million at 31 December 2019) with 15% pa interest. It is intended that a significant portion (up to $5 million) of the Marcel Equity facility will be converted to equity subject to shareholder approval. See below under 'Planned General Meeting'.

In February 2020, the Company also extended the term of the employee loan facilities to 30 April 2020.

Planned General Meeting

The Company is finalising resolutions and the required Notices, and intends to call a General Meeting of shareholders in May 2020. The resolutions seek approval for transactions including:

- the conversion of substantial debt from Marcel Equity and convertible note holders into equity;
- the extension of existing convertible notes; and

- a significant capital raise through the issue of ordinary shares.

Covid-19
Over recent weeks the economic outlook for the Australian market has changed significantly. Whilst the Company's customers are large recognised corporate brands and retailers it is unclear how the Company will be affected in the coming months and whether the Company's plans for capital raising can be achieved within the timetable it had planned. The Company will monitor the situation very closely and provide updates as more information comes to hand.

The directors are not aware of any other matter or circumstance that has occurred since the end of the financial period that has significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity in subsequent financial periods.

Likely Developments and Prospects
The Company has increased its focus on growth of the Retail Insights, Pricing Insights and Loyalty solutions targeted at both brands and retailers which will assist the Company's performance.

The Company intends to undertake a capital raising to retire debt, fund growth and provide sufficient working capital to ensure the reinstatement of market trading. The proposed General Meeting of shareholders in May 2020 will seek approval for the raising of up to $4 million in capital. The Company may decide to break up the capital raising into several tranches.

The Company also intends and has committed to explore strategic opportunities to further drive revenue growth and profitability, which will likely be required to ensure that the full amount of the fund-raising requirements is achieved.

Audit and Non-Audit Services
Fees paid or payable by the Consolidated Entity for services provided by the Company's auditor, Moore Stephens during the year were:

	2019	**2018**
	$	$
Audit services	82,520	79,052
Other services	-	-
	82,520	79,052

Fees paid or payable by the Consolidated Entity for services provided by other audit firms during the year were:

Audit services	27,452	37,551
Other services	4,474	25,365
	31,926	62,916
Total	114,446	141,968

The Board has considered the non-audit services provided during the year by the audit firms and is satisfied that the provision of those non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001, and did not compromise the auditor independence requirements of the Corporations Act 2001, for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Board to ensure they do not impact the integrity and objectivity of the auditor.
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES110 – Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Lead auditor's independence declaration under Section 307C of the Corporations Act 2001
The lead auditor's independence declaration is expected to be provided on finalisation of the audited financial report.

Rounding off
In accordance with the Australian and Securities Investments Commissions Corporation (Rounding in Financial/Directors Reports) Instrument 2016/191, amounts in the financial report and Directors' Report are rounded to the nearest thousand dollars unless otherwise stated.

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

Gary Cohen
Executive Chairman

Dated at Sydney this 31st day of March 2020

REMUNERATION REPORT - UNAUDITED

Principles used to determine the nature and amount of remuneration

The Board (or the Remuneration Committee as charged by the Board) is responsible for designing and reviewing remuneration policies that align the remuneration of executives with the interests of shareholders. Remuneration packages for key management personnel are set to properly reflect an executive's duties and responsibilities and to be competitive in attracting, retaining and motivating appropriately qualified and experienced people capable of managing the Company's operations and achieving the Company's business objectives. Remuneration arrangements are reviewed annually having regard to various factors, including key performance objectives, an appraisal process and relevant comparative information. In 2018, the Company implemented a revised Performance Goals and Review process for all staff. Independent expert advice on remuneration packages will be obtained if considered necessary with appropriate protocols put in place so that recommendations will be free from any undue influence by key management personnel.

In addition to fixed remuneration, represented by a base salary and employer contributions to superannuation funds, remuneration packages may also include:

- cash bonuses linked to the achievement of agreed individual performance objectives and/or the overall performance of the Company;
- participation in formally documented long-term incentive plans;
- termination entitlements; and
- fringe benefits.

Remuneration arrangements and other terms of employment are documented in service agreements or letters of employment.

Company performance	**2019**	**2018**	**2017**	**2016**	**2015**
Profit (loss) for the period from continuing operations ($'000)	(13,068)	(8,650)	(13,685)	(6,775)	(3,110)
Profit (loss) attributable to the owners of the Company ($'000)	(13,068)	(12,334)	(13,150)	(6,775)	(3,110)
Basic earnings (loss) per share (cents)	(0.61)	(0.93)	(2.16)	(1.68)	(1.19)
Dividends per share	nil	nil	nil	nil	nil
Share price – closing at balance date ($)	0.025[1]	0.004	0.014	0.016	0.050

[1] *Share price for balance date 2019 is the last share price before the Company's shares were voluntarily suspended on 30 October 2019.*

Long term incentive plans

The Company provides benefits to defined employees of the Consolidated Entity (including executive directors) in the form of share-based payment transactions, whereby employees render services in exchange for shares or options over shares.

Formal incentive plans for the granting of options to defined employees ("Plans") are in place. The purpose of the Plans is to provide participants with an incentive to remain with the Consolidated Entity and work to improve the longer-term performance of the Company and its returns to shareholders. The rules of the Plans have been approved by shareholders and were last approved at the Annual General Meeting held in June 2017. The Plans are open to Executive Directors and senior management personnel under the same qualification criteria as other employees. The terms of any options granted are determined by the directors in accordance with the rules of the Plans.

Non-executive directors

Fees for services provided by non-executive directors are paid in cash. Fees for non-executive directors are determined by the Board and reviewed annually within the maximum amount approved by shareholders. The maximum amount currently stands at $400,000 per annum in aggregate for all non-executive directors of the Company. Non-executive directors do not participate in performance-based plans unless these have been approved by shareholders. The Company does not use options as a means to remunerate non-executive directors unless the granting of such options has been approved by shareholders.

Non-executive director fees have been set at $25,000 per annum each since July 2012. The non-executive Chairman's fees have been set at $54,750 from July 2017. Directors who are members of the Audit & Risk Committee or Remuneration Committee do not receive additional fees.

Key Management Personnel (KMP) remuneration (Company and Consolidated)

	Short Term			Post-Employment	Other Long Term	Share based		
Year ended 31 December 2019	**Cash salary, fees and compensated absences**	**Bonus**	**Non-cash benefits**	**Super-annuation**	**Long Service Leave**	**Options and Shares**	**Total**	**Proportion of rem-uneration performance related**
	$	$	$	$	$	$	$	%
Directors								
Roger Clifford	25,000	-	-	-	-	-	**25,000**	-
Gary Cohen	308,076	-	-	15,015	4,272	34,000	**361,363**	-
Gregory Cohen	270,531	-	-	-	-	34,000	**304,531**	-
Jeremy Morgan	25,000	-	-	-	-	-	**25,000**	-
Bob McKinnon[1]	25,363	-	-	-	-	1,350	**26,713**	-
Jack Hanrahan	27,375	-	-	-	-	583	**27,958**	-
Claire Mula[2]	93,760	50,000	-	7,917	-	38,667	**190,344**	-
Executives								
Michael Stone	203,166	-	-	16,216	1,305	36,300	**256,987**	-
Thierry Manor[3]	48,461			2,850	43	-	**51,354**	
Leslie Cohen[4]	75,761	-	-	6,333	804	36,300	**119,198**	-
Total	**1,102,493**	**50,000**	-	**48,331**	**6,424**	**181,200**	**1,388,448**	

[1] Resigned as Director on 18 June 2019
[2] Resigned as Director on 31 May 2019, and as COO on 30 June 2019
[3] KMP, Executive (Commercial Director) from 1 October 2019
[4] KMP, Executive (Commercial Director and CEO, TillerStack) until 20 May 2019

	Short Term			Post-Employment	Other Long Term	Share based		
Year ended 31 December 2018	**Cash salary, fees and compensated absences**	**Cash Bonus**	**Non-cash benefits**	**Super-annuation**	**Long Service Leave**	**Options and Shares**	**Total**	**Proportion of remuneration performance related**
	$	$	$	$	$	$	$	%
Directors								
Roger Clifford	25,000	-	-	-	-	-	**25,000**	-
Gary Cohen	305,769	-	-	20,290	-	40,108	**366,167**	-
Gregory Cohen	270,506	-	-	-	-	19,400	**289,906**	-
Jeremy Morgan	25,000	-	-	-	-	-	**25,000**	-
Bob McKinnon	54,750	-	-	-	-	1,350	**56,100**	-
Jack Hanrahan	27,375	-	-	-	-	583	**27,958**	-
Claire Mula	205,922	-	-	19,262	-	7,500	**232,684**	-
Executives								
Michael Stone	203,305	-	-	18,276	5,704	5,133	**232,418**	-
Leslie Cohen[1]	180,376	-	-	13,441	-	5,133	**198,950**	-
Total	**1,298,003**	-	-	**71,269**	**5,704**	**79,207**	**1,454,183**	

[1] KMP, Executive (Commercial Director and CEO, TillerStack) from 1 January 2018

Directors' interests

The movement in the number of securities and interests in securities of the Company held during the financial year by directors who hold or held office during the financial year, including their personally related entities, are set out below.

Ordinary shares	Balance at 1 Jan 2019 #	Purchases / disposal #	Transfers in (out) upon becoming (ceasing to be) a director #	Impact of share consolidation #	Balance at 31 Dec 2019 #	Net purchased from 31 Dec 2019 to date of this report #	Balance at the date of this report #
Roger Clifford	11,309,524	-	-	(10,744,047)	565,477	-	565,476
Gary Cohen	368,284,059	(21,000,000)	-	(329,919,855)	17,364,204	-	17,364,205
Gregory Cohen	37,038,518	21,000,000	-	(55,136,590)	2,901,928	-	2,901,926
Jeremy Morgan	6,547,619	-	-	(6,220,238)	327,381	-	327,381
Bob McKinnon	11,501,789	3,315	(11,505,104)	-	-	-	-
Jack Hanrahan	3,269,198	2,487	-	(3,108,100)	163,585	-	163,584
Claire Mula	41,806,085	153,847	(41,959,932)	-	-	-	-

Options granted to key management personnel

Incentive Option plan

The Company provides benefits to defined employees of the Consolidated Entity (including executive directors) in the form of share-based payment transactions, whereby employees render services in exchange for shares or options over shares ("equity-settled transactions"). Approved incentive plans for the granting of options to defined employees (including executive directors) ("Plans") are in place. At 31 December 2019, there were 7,628,379 options on issue under the Plans (2018 – 173,183,325). As per note 19 and 20 a consolidation of the Company's equity instruments occurred in October 2019, which reduced the number of incentive options on issue at that time in the ratio of 20:1.

Options on issue under the Plans may have varying vesting dates. All options on issue under the Plans at 31 December 2019 expire 5 years from the applicable grant date.

The Company did not issue any ordinary shares to participants in the Plans during the year ended 31 December 2019 upon exercise of options as no previously granted options were exercised. The issue of shares upon the exercise of options will be governed by the terms of the relevant plan.

A share-based payment expense of $227,000 (2018 - $107,000) was recognised during the year for incentive options of which $179,267 related to incentive options granted to key management personnel (2018 - $77,274).

Terms of Issue

Exercise price: Options issued to KMP in 2015; $2.00 per option, Options issued in 2017; $1.00 per option, Options issued in 2018; 20.0 cent per option (option price adjusted by share consolidation in October 2019).
Issue date: No options were issued to KMP in 2019.
Vesting period: For the majority of options, one-third of the options granted to each recipient will vest on each anniversary of the grant or issue date provided the recipient remains employed by the Company or continues to provide executive services. Some options on issue under the Plans may have varying vesting dates.
Exercise period: The options will be exercisable at any time commencing from the relevant vesting date and ending (expiring) on the 5th anniversary of the date of grant or issue of the options.
Fair values: No options were issued to KMP in 2019.

Details of the number of incentive options granted to key management personnel of the Consolidated Entity, including their personally related entities, during the financial year and the balance held at the end of the financial year are set out below.

2019 Incentive Plan Options	Balance at 1 January 2019 #	Granted during the financial year #	Lapsed/ Cancelled during the financial year #	Transfers in / (Transfers out)[1] #	Impact of share consol-idation #	Balance at 31 December 2019 #	Vested during the financial year #	Vested and exercisable at 31 December 2019 #
Directors								
Roger Clifford	-	-	-	-		-	-	-
Gary Cohen	24,500,000	-	-	-	(23,275,000)	1,225,000	333,334	558,334
Gregory Cohen	22,000,000	-	-	-	(20,900,000)	1,100,000	333,334	433,336
Jeremy Morgan	-	-	-	-		-	-	-
Bob McKinnon	-	-	-	-		-	-	-
Jack Hanrahan	-	-	-	-		-	-	-
Claire Mula	22,000,000	-	-	(22,000,000)	-	-	-	-
Executives								
Michael Stone	21,250,000	-	-	-	(20,187,498)	1,062,502	345,834	391,005
Thierry Manor	-	-	-	-	-	-	-	-
Leslie Cohen[2]	21,083,333	-	(333,333)	(20,750,000)	-	-	-	-

[1] Transfers in upon becoming a director/KMP Executive or transfers out upon ceasing to be a director/KMP Executive
[2] KMP, Executive (Commercial Director and CEO, TillerStack) until 20 May 2019

Other Option plan
The Company also provides other option entitlements to non-executive directors. All grants are in accordance with terms approved by shareholders. 62,500 other options were held by non-executive directors at 31 December 2019 (31 December 2018 – 1,750,000). A share-based payment expense of $1,933 was recognised in the year (31 December 2018 - $1,933) in relation to non-executive directors.

Other Options	Balance at 1 January 2019 #	Granted during the financial year[1] #	Lapsed/ cancelled during the financial year #	Transfers in / (Transfers out)[1] #	Impact of share consol-idation #	Balance at 31 December 2019 #	Vested during the financial year #	Vested and exercisable at 31 December 2019 #
Roger Clifford	500,000	-	-	-	(475,000)	25,000	-	25,000
Gary Cohen	-	-	-	-	-	-	-	-
Gregory Cohen	-	-	-	-	-	-	-	-
Jeremy Morgan	500,000	-	-	-	(475,000)	25,000	-	25,000
Bob McKinnon	500,000	-	-	(500,000)	-	-	-	-
Jack Hanrahan	250,000	-	-	-	(237,500)	12,500	4,166	8.333
Claire Mula	-	-	-	-	-	-	-	-

[1] Transfers in upon becoming a director/KMP Executive or transfers out upon ceasing to be a director/KMP Executive

Employment arrangements for executive key management personnel
The executive key management personnel during 2019 were:

Gary Cohen	Chief Executive Officer
Gregory Cohen	Executive Director – Chief Financial Officer
Claire Mula	Executive Director - Chief Operating Officer, resigned as a Director on 31 May 2019, and as COO on 30 June 2019
Michael Stone	Director of Product
Thierry Manor	Commercial Director from 1 October 2019
Leslie Cohen	Commercial Director, and CEO of TillerStack until 20 May 2019

The remuneration arrangements for each of these key management personnel during 2019 were:

- Employment agreements:
  - Gary Cohen's base remuneration was $300,000 per annum plus superannuation. The notice period for Gary Cohen is six months, and no termination payments are provided for under the employment agreement.
  - Gregory Cohen's base remuneration was $270,531 per annum. Gregory Cohen's arrangements are in place via a consultancy agreement with a personally related entity. The notice period under this agreement is six months.
  - Claire Mula's base remuneration was $200,000 per annum plus superannuation. The notice period under this agreement is three months.

  - Michael Stone's base remuneration was $200,000 per annum plus superannuation. The notice period under the employment agreement is one month.
  - Thierry Manor's base remuneration was $180,000 per annum plus superannuation. The notice period under the employment agreement is one month.
  - Leslie Cohen's base remuneration was $180,000 per annum plus superannuation. The notice period under the employment agreement is one month.
- Entitlement to participate in long term incentive arrangements as detailed above.
- Short term bonus arrangements ("Bonus"). Bonus payments are discretionary and based on the Company being profitable. Bonuses will be calculated in accordance with the following principles:
  - A Group Bonus Pool will be determined first on the Company reaching its Target EBITDA ("Target").
  - If EBITDA is less than 90% of the Target, the Group Bonus Pool will not be activated.
  - If EBITDA is between 90% and 100% of the Target, the Bonus Pool will grow from 50% to 100% pro rata.
  - If there is overachievement of the Target, an additional 33% Group Bonus Pool will be added pro rata up to a maximum Target of 150% overachievement.
  - Generally, KMP will be entitled to 100% of their base remuneration (not including superannuation) for Over Target Earnings.
  - If the Group Bonus Pool is not activated, then no KMP will be entitled to a Bonus.
  - Bonuses will be paid in cash unless there is an election by the executive to receive up to 50% of the Bonus in shares in the Company.

No Bonuses were paid or are payable to key management personnel for the 2019 financial year (2018: nil).

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Consolidated 31 December 2019 $'000	Consolidated 31 December 2018 $'000
Revenue	3	2,570	2,317
Other revenue/income		1,065	1,124
Total revenue/other income		**3,635**	**3,441**
Employee benefits expense	6(a)	(5,191)	(4,109)
Professional fees		(710)	(1,128)
Impairment of goodwill and intangible assets	13	(4,727)	-
Legal settlement costs		(500)	-
Other operating costs	6(b)	(1,956)	(2,240)
Profit/ (Loss) from Joint Venture	10	50	31
Total profit (loss) before financing costs, tax, depreciation and amortisation		**(9,399)**	**(4,005)**
Depreciation and amortisation	12,13	(1,931)	(3,557)
Total profit (loss) before financing costs and tax		**(11,330)**	**(7,562)**
Financing costs		(1,738)	(1,088)
Profit (loss) before income tax		**(13,068)**	**(8,650)**
Income tax benefit (expense)	7	-	-
Profit (loss) for the period from continuing operations		**(13,068)**	**(8,650)**
Discontinued operation			
Profit (loss) from discontinued operations, net of tax	4	-	(3,684)
Profit (loss) of the period		**(13,068)**	**(12,334)**
Other comprehensive income			
Foreign currency translation reserve		(32)	(139)
Total comprehensive income (loss) for the period		**(13,100)**	**(12,473)**
Earnings per share		**Cents**	**Cents**
Basic earnings (loss) per share attributable to ordinary equity holders	29	(0.61)	(0.93)
Diluted earnings (loss) per share attributable to ordinary equity holders	29	(0.61)	(0.93)
Earnings per share – continuing operations		**Cents**	**Cents**
Basic earnings (loss) per share attributable to ordinary equity holders	29	(0.61)	(0.65)
Diluted earnings (loss) per share attributable to ordinary equity holders	29	(0.61)	(0.65)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying note

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Consolidated 31 December 2019 $'000	Consolidated 31 December 2018 $'000
CURRENT ASSETS			
Cash and cash equivalents	8	3	155
Trade and other receivables	9	1,214	964
Total Current Assets		1,217	1,119
NON-CURRENT ASSETS			
Property, plant and equipment	12	21	11
Investments accounted for using the equity method	10	12	30
Intangible assets	13	-	6,015
Total Non-Current Assets		33	6,056
TOTAL ASSETS		**1,250**	**7,175**
CURRENT LIABILITIES			
Cash and cash equivalents	8	76	-
Trade and other creditors and accruals	14	4,559	2,281
Interest bearing loans and borrowings	15	10,168	7,227
Provisions	16	518	246
Total Current Liabilities		15,321	9,754
NON-CURRENT LIABILITIES			
Provisions	16	24	8
Total Non-Current Liabilities		24	8
TOTAL LIABILITIES		**15,345**	**9,762**
NET ASSETS (LIABILITIES)		**(14,095)**	**(2,587)**
EQUITY			
Issued capital	19	155,105	153,575
Reserves	21	2,792	2,762
Accumulated losses		(171,992)	(158,924)
TOTAL EQUITY		**(14,095)**	**(2,587)**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Consolidated 31 December 2019 $'000	Consolidated 31 December 2018[1] $'000
Cash flows from operating activities			
Receipts from customers		3,057	4,337
Payments to suppliers and employees		(6,734)	(10,496)
Interest received		-	6
Other income received		1,041	1,099
Net cash from (used in) operating activities	30	**(2,636)**	**(5,054)**
Cash flows from investing activities			
Disposal of discontinued operations, net of cash disposed	4	195	2,379
Payments for acquisition of investments		-	(20)
Proceeds from other assets		143	56
Payments as deposit for acquisition of business operations		(250)	-
Net cash from (used in) investing activities		**88**	**2,415**
Cash flows from financing activities			
Proceeds from issue of shares	19	782	6,109
Proceeds for future share issues	21	-	237
Proceeds from issue of convertible notes		500	1,000
Proceeds from borrowings		5,579	4,625
Borrowing costs paid		(431)	(1,023)
Repayment of borrowings		(4,093)	(8,452)
Capital raising costs paid		(17)	(213)
Net cash flow from (used in) financing activities		**2,320**	**2,283**
Net increase (decrease) in cash and cash equivalents		(228)	(356)
Cash and cash equivalents at 1 January		155	511
Cash and cash equivalents at 31 December	8	**(73)**	**155**

[1] Including discontinued operations, refer to note 4.

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued Capital	Accumulated Losses	Reserves	Total
Consolidated	$'000	$'000	$'000	$'000
Balance at 1 January 2019	**153,575**	**(158,924)**	**2,762**	**(2,587)**
Profit (loss) for the period	-	(13,068)	-	(13,068)
Foreign currency translation reserve	-	-	(32)	(32)
Total comprehensive income (loss)	**-**	**(13,068)**	**(32)**	**(13,100)**
Transactions with owners in their capacity as owners:				
Issue of shares	1,617	-	-	1,617
Shares not yet issued reserve	-	-	(237)	(237)
Share based payments reserve	-	-	227	227
Options reserve	-	-	72	72
Capital raising costs reversed (incurred)	(87)	-	-	(87)
Balance at 31 December 2019	**155,105**	**(171,992)**	**2,792**	**(14,095)**
Balance at 1 January 2018	**146,582**	**(146,590)**	**3,464**	**3,456**
Profit (loss) for the period	-	(12,334)	-	(12,334)
Foreign currency translation reserve	-	-	(139)	(139)
Total comprehensive income (loss)	**-**	**(12,334)**	**(139)**	**(12,473)**
Transactions with owners in their capacity as owners:				
Issue of shares	7,386	-	-	7,386
Shares not yet issued reserve	-	-	(672)	(672)
Share based payments reserve	-	-	107	107
Options reserve	-	-	2	2
Capital raising costs reversed (incurred)	(393)	-	-	(393)
Balance at 31 December 2018	**153,575**	**(158,924)**	**2,762**	**(2,587)**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Significant accounting policies

This general purpose consolidated financial report for the year ended 31 December 2019 comprises Invigor Group Limited ("the Company" or "Invigor"), its subsidiaries (together referred to as the "Consolidated Entity") and the Consolidated Entity's interests in associates and jointly controlled entities. The principal accounting policies adopted in the preparation of the consolidated financial report are set out below and have been consistently applied by each entity in the Consolidated Entity for all periods presented, unless otherwise stated. Refer to note 1(w) for details of new accounting policies adopted in the period.

Invigor Group Limited is a limited liability Company incorporated and domiciled in Australia.

(a) Statement of compliance

This financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASB) adopted by the Australian Accounting Standards Board and the Corporations Act 2001. The consolidated financial report of the Consolidated Entity complies with the International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board. The Company is a for-profit entity for the purpose of preparing the financial statements.

(b) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial assets which are measured at fair value. The methods used to measure fair value are discussed further in Note 11.

Comparative figures have been adjusted to conform to changes in presentation for the current financial year when required by accounting standards, and to restate profit or loss items to remove discontinued operations (refer to Note 4). Where the Consolidated Entity has retrospectively applied an accounting policy, made a retrospective restatement of items in the financial statements or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency and the functional currency of the majority of the entities in the Consolidated Entity during the reporting period.

In accordance with the Australian and Securities Investments Commissions Corporation (Rounding in Financial/Directors Reports) Instrument 2016/191, values are rounded to the nearest thousand dollars unless otherwise stated. Amounts less than $100 are rounded to zero.

(c) Preparation of financial statements on the going concern basis

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

During the year ended 31 December 2019 the Group incurred a net loss of $13.1m, (2018: $12.3m loss of which $8.7m loss was from continuing operations), had net cash outflows from operating activities of $2.6m (2018: $5.1m), and at that date the Group's current liabilities exceed its current assets by $14.1m (2018: $8.6m).

The financial report has been prepared on a going concern basis on the basis that the Company can raise additional debt and/or equity. See Note 15 and the accompanying table in relation to the current level of debt and proposals that the Company intends to undertake in relation thereto.

In determining that the going concern basis is appropriate, the directors have had regard to:

- The Company's increased focus on growth of the Retail Insights, Pricing Insights and Loyalty solutions targeted at both brands and retailers which will assist the Company's performance;

- The continued support of Marcel Equity, including the anticipated additional funding drawdown. Marcel Equity has expressed strong support for the Company, including extension of the facility in February 2020 to $7.5 million as per notes 15 and 31;
- The expected significant reduction of the Company's debt as a consequence of a debt to equity conversion which is to be considered for shareholder approval at a General Meeting expected to be called in May 2020;
- The continued support and extension of financing facilities provided by the Company's lenders and convertible note holders as per note 15;
- The continued support from the Company's creditors and staff in agreeing to scheduling payments;
- The plan to use the additional funding facilities to extinguish older payables and accruals and restore the payables balance to normal trading terms;
- The Company's intention to undertake a capital raising to retire debt, fund growth and provide sufficient working capital to ensure the reinstatement of market trading. The proposed General Meeting of shareholders in May will seek approval for the raising of up to $4 million in capital. The Company may decide to break up the capital raising into several tranches; and
- The Company's intention and commitment to explore strategic opportunities to further drive revenue growth and profitability, which will likely be required to ensure that the full amount of the fund-raising requirements is achieved.

The uncertainty of the current economic environment caused by Covid-19 may impact the timing of cash flows and potentially delay the ability to raise capital. However, as a counterbalance to this there are various government stimulus initiatives and legal and regulatory reliefs which the Company may avail.

While past performance is no guarantee of future results, the Company has previously been successful in managing the above uncertainties so that the Company can continue on a going concern basis. After considering all available information, the Directors have concluded it is appropriate to prepare the preliminary financial report on a going concern basis.

The Company's ability to continue to operate as a going concern is dependent upon the items listed above. Should these events not occur as anticipated, the Company is unlikely be able to pursue its business objectives and will have difficulty continuing to operate as a going concern, including realising its assets and extinguishing its liabilities in the normal course of business at the amounts shown in the financial statements.

(d) Use of estimates and judgements

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

The Consolidated Entity makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are the measurement of Receivables (Note 9), Intangible assets (Note 13), Tax losses (Note 7) and Interest-bearing loans and borrowings (Note 15).

(e) Principles of consolidation

Subsidiaries

The consolidated financial statements of Invigor Group Limited incorporate the assets and liabilities of all entities controlled by the Company as at 31 December 2019 and the results of all controlled entities for the year then ended. Control exists when the Consolidated Entity has the power to govern the financial and operating policies of an entity so as to obtain benefit from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. Where control of an entity is obtained during a financial year, its results are included in the consolidated income statement from the date on which control commences. Where control of an entity ceases during a financial year its results are included for that part of the year during which control existed.

Associates and jointly controlled entities

Associates are those entities in which the Consolidated Entity has significant influence, but not control, over the financial and operating policies. Jointly controlled entities are those entities over whose activities the Consolidated Entity has joint control, established by contractual agreement. In the consolidated financial statements, investments in associates and jointly controlled entities are accounted for using either fair value through profit or loss or the equity method of accounting.

The Consolidated Entity's investments in associates and jointly controlled entities include goodwill identified on acquisition net of impairment losses, if any. Where the fair value through profit or loss method is applied, the carrying amount of investments in associates or jointly controlled entities is restated to the assessed fair value with changes recognised in the income statement. Such investments are classified as "Other financial assets" in the balance sheet.

Where the equity method is applied, the consolidated financial statements include the Consolidated Entity's share of the total recognised gains and losses of associates or jointly controlled entities on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. When the Consolidated Entity's share of losses exceeds its interest in an associate or jointly controlled entity, the Consolidated Entity's carrying amount is reduced to $nil and recognition of further losses is discontinued except to the extent that the Consolidated Entity has incurred obligations or made payments on behalf of the associate or jointly controlled entity.

Transactions eliminated on consolidation

All intercompany balances, unrealised income and unrealised expenses arising from intra-group transactions, have been eliminated in full.

Unrealised gains or losses on transactions between the Consolidated Entity and its equity accounted investments are eliminated to the extent of the Consolidated Entity's interest in those entities.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

(f) Foreign currency translation

Foreign currency transactions and balances

Transactions in foreign currencies are initially translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items that are outstanding at reporting date are translated at the foreign exchange rate prevailing at that date.

Foreign exchange gains and losses arising on translation are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the exchange rates prevailing at the dates the fair value was determined.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Australian dollars at foreign exchange rates ruling at balance date.

The income and expenses of foreign operations are translated into Australian dollars at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case revenues and expenses are translated at exchange rates at the dates of the transactions). Any exchange differences arising on translation are taken directly to the Foreign currency translation reserve in equity.

Exchange differences arising from the translation of a net investment in foreign operations, and of related hedges, are taken to the Foreign currency translation reserve and are released into the income statement upon a disposal resulting in a loss of control.

(g) Revenue

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Consolidated Entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Consolidated Entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimate of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customers of the goods or services promised.

Licence subscription revenue

Licence subscription revenue, which includes support services, is accounted for as a separate performance obligation. Sales of licence subscriptions provide the customer with a right of use of the group's software as it exists throughout the licence period. Revenue is typically paid in advance on an annual, quarterly or monthly basis. Revenue is recognised evenly over the non-cancellable term of the contract. Revenue received in advance of the performance of services is deferred and recognised as contract liabilities.

Licence set-up

Rendering of services being set-up and development of customised software or applications typically does not result in the customer receiving a good or service which is distinct from the rendering of associated licence subscription services. As a result, any revenue separately attributable to set-up or development is recognised evenly over the non-cancellable term of the contract as described above.

Projects (including pilot programs)

Project revenue, which includes delivery of customised data and reports, and pilot programs for licence subscription, is recognised when the performance obligations have been satisfied with reference to the stage of completion. Stage of completion refers to contractual milestones or deliverables, and revenue is recognised at a point in time when the milestone or deliverable has been satisfied.

Sale of goods (including customised hardware)

Sale of goods revenue is recognised when the performance obligation to transfer control of the goods to the customer is satisfied, which occurs either at the point of sale or when delivery is completed by way of shipping the product to the location specified by the customer, and the ownership risks have therefore passed to the customer pursuant to the contract. Amounts disclosed are net of sales returns and trade discounts.

Maintenance and support

Maintenance and support revenue is accounted for as a separate performance obligation. Revenue is typically paid in advance on an annual, quarterly or monthly basis. Revenue is recognised evenly over the non-cancellable term of the contract. Revenue received in advance of the performance of services is deferred and recognised as contract liabilities.

Interest income

Interest income is recognised in the income statement on an accruals basis, using the effective interest method.

Dividend income

Dividend income is recognised in the income statement when the entity's right to receive payment is established.

(h) Financing costs

Financing costs comprise interest expense on borrowings calculated using the effective interest rate method, costs incurred in establishing and maintaining borrowing facilities for use in funding business acquisitions, foreign exchange gains and losses on foreign currency borrowings, unwinding of the discount on provisions, fair value movements on other financial assets at fair value through the profit or loss where considered part of the borrowing cost, and gains and losses on hedging instruments that are recognised in the income statement. Borrowing costs are recognised in profit or loss using the effective interest method unless they relate to a qualifying asset in which case they are capitalised in the relevant asset.

(i) Leases

This note describes the nature and effect of the adoption of *AASB 16: Leases* on the Group's financial statements and discloses the new accounting policies that have been applied from 1 January 2019, where they are different to those applied in prior periods.

Policy

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability are recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (i.e. leases with a remaining term of 12 months or less) and leases of low value assets are recognised as operating expenses on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability is as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, any lease payments made at or before the commencement day and any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

Initial application

The Group has adopted *AASB 16: Leases* retrospectively from 1 January 2019. In accordance with AASB 16.C7 the comparatives for the 2018 reporting period have not been restated. The Group has recognised a lease liability and right-of-use asset for all leases recognised as operating leases under *AASB 117: Leases* where the Group is the lessee.

The following practical expedients have been used by the Group in applying *AASB 16* for the first time:

- Leases that have remaining lease term of less than 12 months as at 1 January 2019 have been accounted for in the same was as short-term leases.
- The use of hindsight to determine lease terms on contracts that have options to extend or terminate.
- Applying AASB 16 to leases previously identified as leases under *AASB 117: Leases* and *Interpretation 4: Determining whether an arrangement contains a lease* without reassessing whether they are, or contain, a lease at the date of initial application.
- Not applying AASB 16 to leases previously not identified as containing a lease under AASB 117 and Interpretation 4.

The operating lease commitments of the Group at 31 December 2018 were $102,000. As these commitments relate to short term leases, no lease liability has been recognised on adoption of AASB 16.

(j) Research and development expenditure

Research expenditure is expensed as incurred.

Development expenditure incurred on projects may be capitalised if the product or service is technically feasible, adequate resources are available to complete the projects, it is probable that future economic benefits will be generated and expenditure attributable to a project can be reliably measured. Expenditure capitalised comprises the direct costs of services, direct labour and an appropriate portion of overheads. Other development costs are expensed when they are incurred. Capitalised development expenditure, if any, is stated at cost less accumulated amortisation and any impairment losses and amortised over the period of expected future sales from the related projects, which is generally no more than three years. Capitalised development expenditure is reviewed at least annually for impairment.

(k) Income tax

The income tax expense or benefit on the profit or loss for the year comprises current and deferred tax. Income tax expense is recognised in the profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is also recognised directly in equity.

Current tax is the expected tax payable on the current period's taxable income, using tax rates enacted or substantially enacted at balance date. Current tax also includes any adjustment to tax payable in respect of previous years.

Deferred tax is measured using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and income tax purposes. The amount of deferred tax recognised is based on the expected manner of realisation or settlement of the underlying items and the tax rates which are enacted or substantially enacted at balance date and expected to apply when the assets are recovered or liabilities are settled. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. Deferred tax is not recognised for taxable temporary differences arising from the recognition of goodwill.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

<u>Tax consolidation</u>

The Company and its wholly-owned Australian controlled entities formed a tax consolidated group on 10 October 2012 meaning that all members of the tax consolidated group are taxed as a single entity from that date. The Company is the head entity of the tax consolidated group.

(l) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables.

Financial assets are recognised when the rights to receive cash flows and the risks and rewards of ownership are transferred to the Consolidated Entity. Financial assets are derecognised when the rights to receive cash flows from these assets have expired or have been transferred and the Consolidated Entity has transferred substantially all the risks and rewards of ownership.

Financial liabilities are recognised if the Consolidated Entity becomes a party to the contractual provisions of a financial instrument. Financial liabilities are derecognised if the Consolidated Entity's obligations specified in the contract expire or are discharged or cancelled. Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value though profit or loss, any directly attributable transaction costs, except as described below.

Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

Purchases of investments are recognised when the Consolidated Entity is entitled to the risks and rewards of ownership. This is usually on settlement date, being the date on which the asset is delivered to the Consolidated Entity. Sales of investments are recognised when the Consolidated Entity is unconditionally committed to sell the asset and the risks and rewards of ownership have been substantially transferred by the Consolidated Entity.

The Consolidated Entity classifies its investments as either loans and receivables at amortised cost or financial assets through profit or loss. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Consolidated Entity provides money, goods or services directly to a debtor with no intention of selling the receivable. After initial measurement, loans and receivables are subsequently measured at amortised cost using the effective interest method, less allowance for impairment, if any. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortisation is included in the income statement in interest income. Losses arising from any impairment of such loans and advances are recognised in the income statement.

Financial assets at fair value through profit or loss
An instrument is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition or subsequently re-designated in compliance with accounting standards. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Financial instruments are designated at fair value through profit or loss if the Consolidated Entity manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's investment strategy. Attributable transaction costs are recognised in profit or loss when incurred. Financial instruments that are classified as at fair value through profit or loss are measured at fair value, and changes therein are recognised in the income statement.

Cash and cash equivalents
Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Consolidated Entity's cash management strategy are reported within liabilities in the balance sheet, but included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

Impairment
The Consolidated Entity assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is considered to be impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Evidence of impairment includes observable data that indicates that there is a measurable decrease in the future cash flows expected to be received.

Loans and receivables
For loans and receivables carried at amortised cost, the Consolidated Entity first assesses whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Consolidated Entity determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets

with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

Financial assets at fair value through profit or loss
For financial assets at fair value through profit and loss, the Consolidated Entity assesses at each balance sheet date whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

(m) Property, plant and equipment
Items of property, plant and equipment are stated at historical cost less accumulated depreciation, accumulated amortisation and impairment losses (refer note 1(t)). The carrying amount of an item of property, plant and equipment includes the cost of replacing part of such an item when that cost is incurred if it is probable that future economic benefits embodied within the item will eventuate and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in the income statement as incurred.

Depreciation or amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives in the current and comparative periods are as follows: Property, plant and equipment - 3 years, and Computer equipment - 2 years. Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each balance sheet date.

(n) Intangible assets
Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the Consolidated Entity's share of the net identifiable assets of the acquired subsidiary or associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Any goodwill on acquisitions of associates or jointly controlled entities is included in investments in associates or jointly controlled entities where the equity method is adopted. Goodwill is carried at cost less accumulated impairment losses, if any. Goodwill is allocated to cash-generating units for the purpose of impairment testing. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Identifiable intangible assets
The useful lives of separately identified intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in the income statement.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

Amortisation
Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets other than goodwill which is not amortised. Other intangible assets are amortised from the date they are available for use. The useful lives of intangible assets are reviewed, and adjusted if appropriate, at each balance date.

(o) Creditors and payables

These amounts represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the period and which remain outstanding at balance date. Creditors are stated initially at fair value and subsequently at amortised cost, are unsecured, and are usually paid within 60 days of recognition.

(p) Interest-bearing loans and borrowings

Interest-bearing borrowings are recognised initially at fair value. Fair value is calculated based on discounted expected future principal and interest cash flows. Subsequent to initial recognition, interest-bearing loans and borrowings are stated at amortised cost with income/expense recognised in profit or loss on an effective interest basis.

(q) Employee entitlements

Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave due to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave

The Consolidated Entity's net obligation for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on government bonds that have maturity dates approximating to the terms of the Consolidated Entity's obligations.

Profit-sharing and bonus plans

The Consolidated Entity recognises a provision for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation and a reliable estimate of the obligation can be made. The liability is not discounted as it is settled within 12 months.

(r) Employee benefits expense – share based payments

The Consolidated Entity may provide benefits to its employees, including directors, in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The fair value of options granted is recognised as an employee benefit expense with a corresponding increase in equity (Employee equity benefits reserve). The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options. Fair value is determined using an appropriate option pricing model (e.g. Black-Scholes). In determining fair value, no account is taken of any performance conditions other than those related to the share price of Invigor Group Limited.

(s) Provisions

Provisions are recognised in the balance sheet when the Consolidated Entity has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount has been reliably estimated. If the effect is material, provisions are determined by discounting expected future cash flows at a market rate.

(t) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation but are tested annually for impairment. Assets that have a definite useful life and are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount of an asset is measured by reference to fair value less costs to sell and value in use. An impairment loss is recognised in the income statement unless the asset has previously been revalued, in which case the loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the income statement.

(u) Issued Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or the collection of instalment amounts due from shareholders are accounted for as a deduction from equity, net of any related income tax benefit.

(v) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the reporting period.

Diluted earnings per share

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

(w) New and revised accounting standards

The Australian Accounting Standards Board has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Consolidated Entity.

Standards and amendments that are not yet effective and have not been adopted early by the Group include:

- IFRS 17 Insurance Contracts
- Definition of a Business (Amendments to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)
- Conceptual Framework for Financial Reporting

These amendments are not expected to have a significant impact on the financial statements in the period of initial application.

2 Segment reporting

The Consolidated Entity has adopted *AASB 8 Operating Segments* whereby segment information is presented using a 'management approach'. That is, segment information is provided on the same basis as information used for management reporting purposes by the chief operating decision maker. The chief operating decision maker is considered to the Board of Directors.

The Consolidated Entity has identified TillerStack GmbH, Condat AG (discontinued in 2018) and Australia & South-East Asia as separately identifiable operating segments. TillerStack GmbH previously formed part of the Condat AG segment, and has been considered a separately identified segment from 1 May 2018. The TillerStack GmbH and Condat AG segments operates primarily in Germany. The Australia & South-East Asia segment operates primarily in Australia and Singapore.

a) Segment results

Year ended 31 December 2019	TillerStack GmbH	Condat AG (discontinued)	Australia & SE Asia	Consolidated Total
	$'000	$'000	$000	$'000
Revenue from external customers	1,605	-	965	2,570
Other revenue/income[1]	-	-	1,065	1,065
Total segment revenue/income	**1,605**	**-**	**2,030**	**3,635**
EBITDA (before impairment)	147	-	(4,819)	(4,672)
Finance costs	(342)	-	(1,396)	(1,738)
Depreciation and amortisation	(39)	-	(1,892)	(1,931)

Year ended 31 December 2018				
Revenue from external customers	1,066	2,376	1,251	4,693
Other revenue/income[1]	-	-	1,124	1,124
Total segment revenue/income	**1,066**	**2,376**	**2,375**	**5,817**
EBITDA (before impairment)	(480)	187	(3,525)	(3,818)
Finance costs	(70)	(35)	(1,018)	(1,123)
Depreciation and amortisation	(45)	(128)	(3,512)	(3,685)

[1] Other revenue/income includes the Research & Development Tax Rebate of $987,000 (2018: $1,068,000), and recoveries from sale or liquidation of other assets of $79,000 (2018: $56,000)

b) Reconciliation of segment EBITDA to profit (loss) before income tax is as follows:	**Consolidated 2019** $'000	**Consolidated 2018** $'000
Total EBITDA for reportable segments	**(4,672)**	**(3,818)**
Depreciation and amortisation for reportable segments	(1,931)	(3,685)
Impairment charges	(4,727)	-
Finance costs for reportable segments	(1,738)	(1,123)
Elimination of discounted operations	-	(24)
Profit (loss) for the period from continuing operations	**(13,068)**	**(8,650)**

c) Revenue & other income by geographical region	**Consolidated 2019** $'000	**Consolidated 2018** $'000
Australia	1,782	2,107
Asia (Singapore & Indonesia)	248	268
Germany (including four months of discontinued operations from Condat AG segment in 2018)	1,605	3,442
Total revenue & other income	**3,635**	**5,817**

The Consolidated Entity has adopted the amendment included in AASB 2009-5. No segment assets or segment liabilities are disclosed as these were not regularly provided to the chief operating decision maker.

3 Revenue from contracts with customers (from continuing operations)

a) Revenue by Product	**Consolidated 2019** $'000	**Consolidated 2018** $'000
Pricing (including Spotlite)	560	661
Loyalty (including Visitor)	405	590
TillerStack	1,605	1,066
Total revenue from contracts with customers	**2,570**	**2,317**

b) Disaggregation of revenue	**Consolidated 2019** $'000	**Consolidated 2018** $'000
Licence subscription fees including support services	771	778
Licence and application set up fees	45	36
Project fees	149	438
Sale of customised hardware	235	390
Maintenance and support services	1,370	675
Total revenue	**2,570**	**2,317**

c) Timing of revenue recognition	Consolidated 2019	Consolidated 2018
	$'000	$'000
Products and services transferred at a point in time	382	828
Services transferred over time	2,188	1,489
Total revenue	**2,570**	**2,317**

4 Discontinued operations

Condat AG

On 7 May 2018 the Consolidated Entity sold 100% of the issued share capital of its German operating subsidiary Condat AG ("Condat") for €1.8 million ($2,873,000). Prior to the sale, certain assets of Condat relating to the Skyware business were transferred to another subsidiary of the Company (TillerStack GmbH, previously Invigor Germany (Holdings) GmbH).

Condat was not previously classified as held-for-sale or as a discontinued operation. The financial results of Condat for the prior period have been presented as a Discontinued Operation in the financial report.

a) Results of discontinued operation	31 December 2018
	$'000
Revenue	2,376
Expenses	(2,352)
Results from operating activities	24
Income tax	-
Results from operating activities, net of tax	24
Gain (loss) on sale of discontinued operation	(3,534)
Transaction costs relating to discontinued operations	(174)
Income tax on gain (loss) on sale of discontinued operation	-
Profit (loss) for the period	**(3,684)**
Basic and diluted earnings (loss) per share (cents)	**(0.28)**

b) Cash flows from (used in) discontinued operation	31 December 2018
	$'000
Net cash used in operating activities	(100)
Net cash from Investing activities	(65)
Net cash from financing activities	117
Net cash flow for the period	**(48)**

c) Effect of disposal on the financial position of the Group	31 December 2019	31 December 2018
	$'000	$'000
Intangible assets		1,393
Property, plant and equipment		54
Trade and other receivables		2,222
Cash and cash equivalents		65
Provisions		(90)
Trade and other payables		(2,982)
Net assets and liabilities		**662**
Consideration received, satisfied in cash (2019: deferred consideration received)	195	2,444
Cash and cash equivalents disposed of	-	(65)
Net cash inflow	**195**	**2,379**

The loss for the period from discontinued operations was attributable entirely to the owners of the Company.

5 Sun Asia transaction

On 22 May 2019 the Company signed a binding Heads of Agreement to acquire the business of Sun Asia Group Pty Limited ("Sun Asia"), comprising the IP, the customers and key contracts, the know-how and key staff for potential total consideration of up to $2 million. The Sun Asia business has developed relationships with farmers of various produce as well as having its own farms.

A $250,000 deposit was paid on 18 June 2019. Further consideration in the form of shares was subject to approval from the Company's shareholders before issue. A General Meeting was held on 26 September 2019 at which the issue of shares was approved. However, no shares were issued in the period, and subsequent to year-end the Company engaged in negotiations with the vendor to dissolve the Heads of Agreement. The Company expects the amount paid as a deposit will be recoverable.

6 Expenses

a) Employee benefits

	Consolidated 2019 $'000	Consolidated 2018 $'000
Employee benefits	4,964	4,002
Share based payments	227	107
	5,191	**4,109**

The Company provides benefits to defined employees (including executive directors) of the Consolidated Entity in the form of share-based payment transactions, whereby services are rendered in exchange for shares or options over shares ("equity-settled transactions"). Formal share and option incentive plans are in place. Refer Note 1(r).

The Company incurred costs of $204,485 relating to defined contribution payments in 2019 (2018 - $252,537). This amount is included in total employee benefits expense disclosed above.

b) Other operating costs

	Consolidated 2019 $'000	Consolidated 2018 $'000
IT and network costs	472	455
Marketing costs	122	192
Property costs	600	531
Materials (hardware)	239	285
Other operating costs	523	777
	1,956	**2,240**

7 Income Tax

a) Income tax benefit (expense) recognised in the income statement

	Consolidated 2019 $'000	Consolidated 2018 $'000
Current tax	-	-
Total income tax benefit (expense)	-	-

b) Numerical reconciliation between income tax expense and pre-tax net profit (loss)	**Consolidated**	**Consolidated**
	2019	**2018**
	$'000	$'000
Profit (loss) for the year before tax	(13,068)	(12,334)
Income tax at the Australian tax rate of 30% (2018 – 30%)	(3,920)	(3,700)
Non-deductible expenses	2,890	2,806
Non-assessable income	(296)	(320)
Other timing differences	(97)	(121)
Foreign operations – impact of different tax rate	(159)	(137)
Correction from prior years	-	-
Unrealised losses	1,582	1,472
Total income tax benefit (expense)	**-**	**-**

(c) Tax losses

Unused tax losses for which no deferred tax asset has been recognised:

	Consolidated	**Consolidated**
	2019	**2018**
	$'000	$'000
Income tax losses	30,314	26,178
Capital losses	45,036	45,036
Potential benefit at 30%		
Income tax losses	9,094	7,854
Capital losses	13,511	13,511

The benefit of all losses available to the Australian tax consolidated group can only be utilised if the requirements of the Income Tax Assessment Act are satisfied at the time the head entity seeks to utilise the available losses. This will include the requirement to meet either the continuity of ownership test or the same business test at that time.

TillerStack GmbH has aggregated corporate and trade tax losses of approximately EUR 3.8 million (gross), subject to completion of the 2019 tax return. Invigor Asia Pte Ltd has corporate tax losses of approximately SGD 3.7 million (gross) subject to completion of the 2019 tax return.

Deferred tax assets have not been recognised for deductible temporary differences and unused tax losses as it is not presently probable that future taxable amounts will be available to utilise those temporary differences and losses.

8 Cash and cash equivalents

	Consolidated	**Consolidated**
	2019	**2018**
	$'000	$'000
Cash at bank and on hand, presented as a current asset	3	155
Bank overdrafts, drawn at period end, presented as a current liability	(76)	-
Cash and cash equivalents per statement of cash flows	**(73)**	**155**

9 Receivables

	Consolidated	**Consolidated**
	2019	**2018**
	$'000	$'000
Trade debtors	233	598
Allowance for expected credit loss	(39)	(39)
Deposit paid for Sun Asia transaction	250	-
Sundry debtors and other receivables	559	241
Prepayments	211	164
Current	**1,214**	**964**

10 Associates and Joint Arrangements

MI Ventures Pty Ltd ATF MI Ventures Unit Trust

Invigor Group Limited entered into a Joint Venture arrangement, MI Ventures Pty Ltd, with Melic Pty Limited in September 2016 to install Wi-Fi at Manly Wharf. The Joint Venture was formed by way of a unit trust with each party holding 50 units each.

The Joint Venture earns revenue through the provision of targeted advertising, promotions and offers to commuters at Manly Wharf through the Wi-Fi network that has been installed. Invigor Group Limited's investment in MI Ventures Pty Ltd has been recognised using the equity method of accounting.

11 Fair values of financial instruments

The fair value of financial instruments traded in active markets (such as publicly traded securities and available-for sale securities) are based on quoted market prices at the balance date (usually being the closing bid price at that date).

The fair value of financial instruments that are not traded in an active market are determined using valuation techniques. The Consolidated Entity uses a variety of methods and makes assumptions based on market conditions existing at balance date.

The fair values of financial assets and liabilities recognised at balance date are not considered to be materially different from their carrying amounts as described below or in the relevant notes to these financial statements.

The Consolidated Entity has considered that the use of derivative financial instruments, such as foreign exchange contracts or interest rate swaps, to minimise the risks associated with financial instruments, was not necessary during the financial year.

Estimation of fair values

The following summarises the major methods and assumptions used in estimating fair values of financial assets and liabilities.

Financial assets at fair value through profit or loss

Fair values for listed securities are based on the quoted market price at balance date without any deduction for transaction costs. The Consolidated Entity held no listed securities at balance date.

Fair values for unlisted securities are assessed using financial models, supporting analysis, including the terms upon which funding or investments are made, and may be supported by independent analysis if considered appropriate to aid the assessment.

Interest-bearing borrowings

Fair values are estimated using analysis based on current terms and rates for similar types of lending arrangements. Fair values of interest-bearing borrowings due within 12 months are generally assessed to equal face value given the short term to maturity.

Trade and other receivables and payables

The carrying amounts represent fair value because of their short term to maturity.

Contingent consideration

Fair values for contingent consideration arising from business combinations is estimated using financial models and supporting analysis based on the terms of the purchase agreement. The Consolidated Entity will usually use the BBSW yield curve as at the reporting date, plus an adequate constant credit spread, to discount financial instruments, where applicable.

Fair value hierarchy

At 31 December 2019 there are no financial instruments held at fair value.

12 Property, plant and equipment

	Consolidated 2019 $'000	Consolidated 2018 $'000
Plant and equipment		
Cost	189	189
Accumulated depreciation	(189)	(178)
Net carrying amount	-	11
Computer equipment and software		
Cost	419	386
Accumulated depreciation	(398)	(386)
Net carrying amount	21	-
Total property, plant and equipment		
Cost	608	575
Accumulated depreciation	(587)	(564)
Net carrying amount	**21**	**11**

Reconciliation of carrying amounts at the beginning and end of the period

	Consolidated 2019 $'000	Consolidated 2018 $'000
Plant and equipment		
Net carrying amount at the beginning of the period	11	26
Additions	-	20
Disposals	-	(33)
Depreciation charge for the year	-	(2)
Transfer (to) from other category	(11)	
Net carrying amount at the end of the period	-	11
Computer equipment		
Net carrying amount at the beginning of the period	-	54
Additions	24	-
Disposals	-	(25)
Depreciation charge for the year	(14)	(29)
Transfer (to) from other category	11	
Net carrying amount at the end of the period	21	-
Total property, plant and equipment		
Net carrying amount at the beginning of the period	11	80
Additions	24	20
Disposals	-	(58)
Depreciation charge for the year	(14)	(31)
Net carrying amount at the end of the period	**21**	**11**

13 Intangible assets

	Consolidated 2019 $'000	Consolidated 2018 $'000
Software and technology		
Cost (gross carrying amount)	5,552	5,552
Accumulated amortisation & impairment	(5,552)	(2,980)
Net carrying amount	-	2,572
Goodwill		
Cost (gross carrying amount)	5,551	5,551
Accumulated impairment	(5,551)	(4,600)
Net carrying amount	-	951
Capitalised development expenditure		
Cost (gross carrying amount)	7,252	6,623
Accumulated amortisation	(7,252)	(4,131)
Net carrying amount	-	2,492
Total intangible assets		
Cost (gross carrying amount)	18,355	17,726
Accumulated amortisation & impairment	(18,355)	(11,711)
Net carrying amount	**-**	**6,015**
Reconciliation of carrying amounts at the beginning and end of the period		
Software and technology		
Net carrying amount at the beginning of the period	2,572	3,482
Acquisitions through business combinations	-	303
Amortisation charge for the year	(799)	(1,201)
Impairment	(1,773)	-
Disposals	-	(12)
Net carrying amount at the end of the period	-	2,572
Goodwill		
Net carrying amount at the beginning of the period	951	6,696
Disposal	-	(5,745)
Impairment expense	(951)	-
Net carrying amount at the end of the period	-	951
Capitalised development expenditure		
Net carrying amount at the beginning of the period	2,492	4,636
Additions	629	1,723
Amortisation charge for the year	(1,118)	(2,453)
Disposal	-	(1,379)
Impairment expense	(2,003)	-
Foreign exchange	-	(35)
Net carrying amount at the end of the period	-	2,492
Total intangibles		
Net carrying amount at the beginning of the period	6,015	14,814
Additions	629	1,723
Acquisitions through business combinations	-	303
Amortisation charge for the year	(1,917)	(3,654)
Impairment expense	(4,727)	-
Disposal	-	(7,136)
Foreign exchange	-	(35)
Net carrying amount at the end of the period	**-**	**6,015**

Software and technology
An intangible asset is recognised for software and technology owned by the Consolidated Entity. Software and technology acquired under a business combination has been recognised at fair value at acquisition date. Fair value has been established using appropriate analysis and having regard to the relevant contractual terms of the transactions. The software and technology were acquired following completion of the acquisitions of Global Group Australia, Amethon Solutions in 2014 and Invigor Asia (Sprooki) in 2017.

The Software and technology assets are recognised at cost less accumulated amortisation and impairment losses.

Impairment
An impairment expense of $1,773,000 was been recognised during the period following a review of the value in use, and considering the current negative cashflows of the Company.

Goodwill
Goodwill is allocated to the Consolidated Entity's cash generating units (CGUs). At 31 December 2019, the goodwill balance related to the Australia & South-East Asia CGU, comprising the Australian businesses acquired in prior periods (including Invigor Digital Solutions "IDS") and the Asian Sprooki business acquired in 2017.

The recoverable amount of goodwill has been assessed by reference to both fair value less costs to sell and value in use methodologies. Where possible, relevant comparable information is used from an active market and where such information is not readily available a combination of market accepted valuation techniques are used to estimate the amount available from the sale of assets in arm's-length transactions between knowledgeable and willing parties.

Impairment testing
For the purposes of impairment testing, goodwill is allocated to the Group's cash-generating units as follows:

	31 December 2019	**31 December 2018**
	$'000	$'000
Australia & South-East Asia	-	951
TillerStack (previously Condat)[1]	-	-
Total	**-**	**951**

[1] Goodwill relating to the TillerStack CGU carved out from Condat was provisionally recognised at 30 June 2018. Following the finalisation of the disposal accounting per note 4, no goodwill has been allocated to TillerStack CGU.

Following the impairment of goodwill and intangible assets at 30 June 2019, no further impairment testing has been performed at 31 December 2019.

Impairment
The goodwill was fully impaired during the period based on the value in use assessment prepared by the Company. The total impairment expense against goodwill is $951,000.

Capitalised development expenditure
During the period, the Company determined that development expenditure will not be capitalised while the Company has negative cashflow from the related operating activities. As a result, the balance of previously capitalised development expenditure of $2,003,000 was fully impaired.

14 Trade and other creditors and accruals

	Consolidated 2019 $'000	Consolidated 2018 $'000
Trade creditors	1,579	919
Other creditors and accrued expenses	2,870	1,053
Contract liabilities (Unearned revenue)	110	309
Current	**4,559**	**2,281**

Included in trade creditors are invoices totalling $321,000 (2018 - $nil) payable at balance date under cost recovery agreements with Marcel Equity Pty Ltd (and associated entities), and payable under consultancy arrangements with other related parties.

Included in other creditor and accrued expenses are accruals of $575,000 for other interest and fees payable to Marcel Equity Pty Ltd. These amounts are unsecured.

Refer Note 26 for further details of related party balances.

15 Interest bearing loans and borrowings

	Consolidated 2019 $'000	Consolidated 2018 $'000
Unsecured borrowings – convertible notes	1,500	1,000
Unsecured borrowings – loan and overdraft facilities	4,754	3,377
Unsecured borrowings - employees	187	-
Secured borrowings - loan facilities	3,727	2,850
Current	**10,168**	**7,227**

Current

Unsecured borrowings – convertible notes
Unsecured convertible notes are shown as a current liability at balance date because the note holders held a current right at that date to issue a conversion notice notwithstanding the remaining terms to maturity under the facilities.

2018 Convertible notes issue

During February and March 2018, the Company received a total of $1,000,000 funds from three sophisticated investors as an initial investment in TillerStack (Skyware) with the option of converting to shares in the Company at $0.01. It was subsequently agreed to extend the facility as a Convertible Note in the Company on the terms listed below, subject to shareholder approval, with a right to invest in TillerStack.

The key terms of the facility are:

- Convertible notes on issue at 31 December 2019 – 12,500,000 at $0.08 per share (previously 250,000,000 at $0.004 per share before share consolidation by the Company in October 2019)
- Maturity dates – 7 May 2019, extended to 31 December 2019 during the period. These notes are now due on demand, with discussions between note holders and the Company ongoing. The Company will seek approval at a General Meeting expected to be called in May 2020 for the conversion of 50% of this debt to equity through the issue of ordinary share capital, and the extension of the balance for a further 12 months term at $0.02 per share. This is subject to shareholder approval.
- Ranking – unsecured
- Conversion price - the convertible notes may be converted into shares at the conversion price of $0.08 per share
- Interest – 17 per cent per annum, payable on maturity
- Redemption – on the maturity date, or at a later date when the noteholder gives a notice requiring redemption, or after the occurrence of a defined event of default.

2019 Convertible Notes issue

On 29 May 2019 the Company issued a Convertible Note and in June received $500,000 of funds from a sophisticated investor. The key terms of the facility are:

- Convertible notes on issue at 31 December 2019 – 5,000,000 at $0.10 per share (previously 100,000,000 at $0.005 per share before share consolidation by the Company in October 2019)
- Maturity dates – 29 May 2020
- Ranking – unsecured
- Conversion price - the convertible notes may be converted into shares at the conversion price of $0.10 per share (subject to any adjustment in accordance with the terms and conditions of those notes)
- Interest – 12.0 per cent per annum, payable on quarterly in arrears
- Redemption – on the maturity date, or at a later date when the noteholder gives a notice requiring redemption, or after the occurrence of a defined event of default.

Unsecured borrowings – loan and overdraft facilities

Marcel Equity facility

In February 2016, the Company entered into an interest-bearing short-term loan arrangement with Marcel Equity Pty Ltd ("Marcel"), an entity associated with Gary Cohen and Gregory Cohen (Directors of the Company), under which Marcel will make available up to $700,000 as and when required by the Company, subject to the terms of the loan arrangement. In December 2016, this arrangement was renewed and extended with a drawdown limit of $1,000,000 and was available until 31 March 2018. In September 2017, this arrangement was renewed and extended with a drawdown limit of $2,000,000 and was available until 30 September 2018. On 29 June 2018, this arrangement was renewed and extended with a drawdown limit $2,600,000, and was available until 31 December 2019. On 30 November 2018, this arrangement was renewed and extended with a drawdown limit of $3,000,000, available until 31 December 2019. On 1 May 2019, this arrangement was renewed with a drawdown limit of $4,000,000, available until 31 December 2019. On 7 October 2019, the arrangement was renewed with a drawdown limit of $5,000,000, available until 31 December 2020.

Refer to note 31 for events subsequent to period end.

An amount of $3,990,000 (31 December 2018: $2,588,000) has been drawn as at 31 December 2019. $2,400,000 of borrowings under the facility incur interest at a rate of 10.3% per annum, being a rate equivalent to a bank overdraft facility at the time the arrangement was entered into; $680,000 of borrowings ($680,000 drawn at 31 December 2019) incur a rate of 12% per annum; and $600,000 of borrowings ($600,000 drawn at 31 December 2019) incur interest at a rate of 15% per annum.

The terms of the facility are that it only repayable from the Company's available cash flow (principal and interest).

German facilities

A €120,000 loan facility with an investor/consultant of the Company, Mr. Peter Hermann was repaid in full in May 2019. The amount outstanding at 31 December 2019 is nil, (31 December 2018: €120,000 ($189,000)).

Other loan facilities

On 31 October 2018, the Company received $300,000 from a sophisticated investor as a convertible note, expiring on 31 December 2018. The convertible note had zero interest, and a $50,000 redemption provision should the note not convert. As the investor had not converted the note as at 31 December 2018, the Company have recognised a $350,000 loan liability. $116,667 of this balance was repaid in January 2019. The balance at 31 December 2019 is $233,333. During the period, the repayment date was extended to 31 December 2019. Interest accrues at 20% per annum. This loan is now due on demand, with discussions between the investor and the Company ongoing for a rescheduled due date later in 2020. The Company will seek approval at a General Meeting expected to be called in May 2020 for the conversion of 50% of this debt to equity through the issue of ordinary share capital, and the extension of the balance for a further 12 months term as a convertible note at $0.02 per share. This is subject to shareholder approval.

On 26 June 2019, the Company entered into a $500,000 loan facility with a sophisticated investor. This facility has been fully drawn at 31 December 2019. The repayment date was 31 December 2019, and the loan is now repayable on demand and discussions are ongoing between the Company and the investor. Interest accrues at 3% per month.

Credit card facilities relating to the group were drawn to $30,000 at 31 December 2019.

Unsecured borrowings – employees

In November 2019 the Company entered into unsecured loan agreements with certain employees. At 31 December 2019 the balance is $187,000 (31 December 2018: nil). Interest accrues at 15% per annum. The loans were repayable by 28 February 2020. Subsequent to year-end, the repayment dates have been extended to 30 April 2020.

Secured borrowings

R&D loans

During 2018, the Company entered into a Prepayment Loan Agreement with Karoo Investment Group Pty Ltd under which the lender made available a facility in the amount of $1,320,000 at an interest rate 15% - 22% p.a. The facility was primarily used to fund the Company's research and development activities. $953,000 was repaid in 2019 on receipt of the research and development tax rebate amount for the year ended 31 December 2018. The balance of $367,000 at 31 December 2019 remains as a short-term loan and is repayable on demand and discussions are ongoing between the Company and the lender for an extension to the repayment date for later in 2020.

In December 2019, the Company entered into a new Prepayment Loan Agreement with Finarch Holdings Pty Limited under which the lender has made available a facility in the amount of $710,000 at an interest rate 20% p.a. Interest has been prepaid in full. The facility is being used to fund the Company's research and development activities. The facility is fully drawn at 31 December 2019, and is repayable by the earlier of 30 June 2020 (with a four-month extension available), or on receipt of the research and development tax rebate amount for the year ended 31 December 2019. Amounts drawn under the facility are secured against the grant receivable.

Glowaim facility

On 28 February 2019, the Company entered into a $1,000,000 loan facility with Glowaim Pty Ltd. This was extended to $1,400,000 in November 2019. The facility is fully drawn at 31 December 2019, with repayment due on 28 February 2020, and discussions are ongoing between the Company and the lender for an extension to the repayment date for later in 2020. Interest accrues at 20% per annum.

PFG facility

Invigor Group Limited secured a A$2 million loan facility with Partners for Growth (PFG) in February 2017. Under the terms of the agreement, Partners for Growth's funding is for 2 years at a 10% annual interest rate. IVO issued a warrant over 3.33 million shares to the firm exercisable at 60 cents per share (previously over 66.6 million shares exercisable at 3.0 cents per share before share consolidation) on 19 April 2017 which expire in 2021. $0.5 million was repaid in February 2019, and a further $0.25 million was repaid in June 2019. In December 2019, Gary Cohen, a Directors of the Company repaid $1.05 million of the loan on behalf of the Company ($1 million principal repayment and $50,000 deposit). The net balance remaining at 31 December 2019 of $200,000 is repayable progressively by 31 May 2020. Interest accrues at 16% per annum on the balance.

The Company issued an additional warrant to PFG over 2.5 million shares (previously over 50,000,000 shares before share consolidation) on 26 April 2019. The warrant is exercisable at 8 cents (previously 0.4 cents) per share and expires after three years.

Gary Cohen (Director) facility

As noted above, in December 2019, Gary Cohen paid out $1,050,000 to PFG on behalf of the Company. The Company has agreed to a loan agreement with Gary Cohen on the same terms as PFG, being a secured charge, and interest at 16% per annum. The loan is repayable by 31 December 2021.

Other available overdraft facilities

The Company has a $100,000 interest bearing overdraft facility with National Australia Bank which was drawn to $76,000 at 31 December 2019 (31 December 2018 – fully available). The facility is secured by guarantees provided by entities associated with Gary Cohen and Gregory Cohen.

Further Information on Facilities and Plans

Please refer to the table below for further information and discussion on the facilities and the planned extensions and further capital raising:

Debt/Equity Facility	Assumptions and risks discussion
2018 Convertible Notes In February and March 2018, a $1,000,000 loan to the Company was extended as a convertible note. The convertible note matured on 31 December 2019 and is now payable on demand. A further $300,000 was received from a different investor as a convertible note on 31 October 2018. This amount is recognised by the Company as a loan liability. At as 31 December 2019 $233,333 remains owing. The investor has agreed to an extension to 30 June 2020.	The Company is currently in discussions with the noteholders. To date, no formal agreement has been reached. The Company is seeking the noteholders agreement to convert 50% of this debt to equity and have the remaining 50% as a loan with an extension. The conversion of 50% of the debt to equity will require shareholder approval. The Company is aiming to seek shareholder approval at a General Meeting expected to be called in May 2020. The Company will require (and reasonably expects it will receive) the support of these noteholders and shareholders for this conversion to occur. If this conversion does not occur, the Company's ability to continue as a going concern will be impacted.
2019 Convertible Notes In May 2019 the Company issued a Convertible Note and in June 2019 received $500,000 in funds. This Convertible Note will mature on 29 May 2020.	The Company is currently in discussions with the investor to extend the term of the Convertible Note for a further 12 months to 29 May 2021. This will be subject to shareholder approval.
Marcel Facility On 11 February 2020 the Company's loan arrangement with Marcel Equity was increased to a maximum available amount to draw down of $7,500,000. As at 21 December 2019, the Company has drawn down $3,990,000. This facility will become due for payment when the Company has available cash flow.	Marcel Equity has expressed strong support for the Company, including an extension of the facility in February 2020 from $5 million to $7.5 million as per notes 15 and 31. As part of this agreement, Marcel will convert $5 million of the debt into equity in the Company (pending shareholder approval). Marcel has also agreed to extend the outstanding $2.5 million loan to 31 December 2021. The conversion of $5 million of the debt to equity will require shareholder approval. The Company is aiming to seek shareholder approval at a General Meeting expected to be called in May 2020. The Company has the ability to utilise the Marcel Equity facility to meet ongoing working capital requirements.

Capital Raise The Company intends to undertake a capital raising to retire debt, fund growth and provide sufficient working capital to ensure the reinstatement of market trading. The Company may decide to break up the capital raising into several tranches.	The proposed General Meeting of shareholders in May 2020 will seek approval for the raising of up to $4 million in capital. This capital raise is important to the Company's ability to continue as a going concern over the next 12 months. The Directors believe there are reasonable grounds that shareholder approval will be obtained however, market conditions (as at March 2020) leaves some uncertainty regarding the timing of the capital raise and the market's receptiveness.
Other Loans The Company has several other secured borrowings including: - Glowaim facility - $1,400,000 loan with repayment due on 28 February 2020 - R&D loan of $710,000 from Finarch Holdings Pty Limited payable 30 June 2020 - Outstanding R&D loan of $367,000 from Karoo Investment Group Pty Ltd, repayable on demand	Discussions are ongoing with these lenders for an extension to the repayment dates for these loans. Although there is no guarantee that these loans will be extended, the Company has reasonable grounds to believe the repayment dates for these loans will be extended.

16 Provisions

	Consolidated 2019 $'000	Consolidated 2018 $'000
Other provisions	259	-
Employee benefits	259	246
Current	**518**	**246**
Employee benefits	24	8
Non-Current	**24**	**8**
Reconciliation of carrying amounts at the beginning and end of the period:		
Employee benefits		
Balance at the beginning of the period	254	280
Provisions raised (reversed)	29	(26)
Balance at the end of the period	283	254
Other provisions		
Balance at the beginning of the period	-	-
Provisions raised (reversed)	259	-
Balance at the end of the period	259	-
Total provisions		
Balance at the beginning of the period	254	366
Provisions raised (reversed)	288	(112)
Balance at the end of the period	542	254

Employee benefits
Provision for employee benefits represent amounts payable by the Consolidated Entity for accrued annual leave and long service leave.

Other provisions
Provision for legal settlement, see note 17.

17 Convertible Note dispute

On 19 September 2019, the Company announced a settlement with a former convertible note holder Raus Capital Fund Limited ('Raus'). The Company agreed to pay Raus $500,000 plus legal fees and interest. At 31 December 2019, an amount of $259,000 remained payable to Raus. Subsequent to year end, the Company has paid an additional $100,000 to Raus with the balance due by 31 March 2020.

18 Financial risk management, objectives and processes

The Consolidated Entity has exposure to a variety of financial risks, which are categorised as market risk, credit risk and liquidity risk. This note presents information about the Consolidated Entity's exposure to each of these risks. Additional disclosures are presented throughout this financial report.

The Board recognises that the understanding and management of risk, particularly preservation of capital, is critical to the Company. The Board has overall responsibility for ensuring that there is a sound system of risk management and internal compliance and controls. The Board has formally adopted documented policies and processes to enable appropriate management of business and investment risk.

Key financial risk management practices presently employed by the Company include:

- The Board having ultimate responsibility for business, investment and divestment decisions. This includes monitoring the quantum of funds invested in any operating business or transaction so that the level of exposure is appropriate to the Company's circumstances.
- Preservation of cash resources. The Chief Executive Officer and Chief Financial Officer, both Board members, oversee treasury management on behalf of the Board with ultimate responsibility retained by the full Board.

Operating businesses in which the Company is invested but which are not wholly owned are responsible for their own risk management. The Company oversees the risk management processes of these businesses by providing assistance and guidance to their management teams where appropriate. The Company may also have representation on the boards of these businesses.

The risk management policies and analysis described below and throughout the financial report refer to those practices adopted by entities that are members of the Consolidated Entity.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. There are various types of market risk including exposures to foreign currencies, interest rates and equity market prices. The Consolidated Entity may use derivative financial instruments to hedge certain risk exposures. No derivative financial instruments were used during the financial year. The methods used to measure the types of risk to which the Consolidated Entity is exposed are described below.

(i) Foreign currency risk

Investments have been made by the Consolidated Entity in Australian dollars only.

The Consolidated Entity incorporated a legal entity in Germany in 2016 following the acquisition of Condat AG (separate entity) in late 2015. This entity is TillerStack GmbH (previously Invigor Holdings (Germany) GmbH. Following the disposal of Condat AG in May 2018, part of the business and assets were retained by TillerStack GmbH. TillerStack operates mainly in Germany. TillerStack's business transactions are denominated in Euro and its accounting records are kept in that currency. Exposure to Euro is subject to exchange variations upon the provision of any required funding to the subsidiary and to exchange variations resulting from the translation to Australian dollars on consolidation of TillerStack's statement of financial position and statement of comprehensive income at closing and average rates respectively.

The Consolidated Entity completed the acquisition of Invigor Asia Pte Limited in June 2017 but with effect from 1 May 2017. Invigor Asia operates mainly in Singapore. Invigor Asia's business transactions are primarily denominated in Singapore Dollar (SGD) and it's accounting records are kept in that currency. Exposure to (SGD) is subject to exchange variations upon the provision of any required funding to the subsidiary and to exchange variations resulting from the translation to Australian dollars on consolidation of Invigor Asia's statement of financial position and statement of comprehensive income at closing and average rates respectively.

At 31 December 2019, the Consolidated Entity did not have any other material net foreign currency risk in respect of transactions in currencies other than the functional currency except as described above (2018 - nil).

(ii) Interest rate risk

The Consolidated Entity's exposure to market interest rates on deposits is minimal. Cash reserves are held in interest-bearing accounts with either fixed or variable interest rates.

The Consolidated Entity had the following financial assets and liabilities at balance date:

	Consolidated 2019 $'000	Consolidated 2018 $'000
Financial assets		
Cash and cash equivalents	3	155
Financial liabilities		
Cash and cash equivalents (overdrafts)	76	-
Unsecured borrowings	6,441	4,377
Secured borrowings	3,727	2,850

Sensitivity Analysis

At 31 December 2019, if interest rates had changed by -/+ 1% from the year-end rates, with all other variables held constant, and this change was applied to cash and cash equivalents, the effect on profit (loss) after tax for the year would be $760 (2018: $1,550). If the same sensitivity is applied to borrowings, the result would be a higher/lower interest expense of approximately $101,688 (2018: $72,270).

Other financial assets, at fair value through profit or loss are represented by shares and convertible notes that are not considered sensitive to interest rates.

(iii) Equity price risk

The Consolidated Entity was not exposed to equity securities price risk arising from investments in listed securities during the 2019 financial year as it had no exposure to listed securities during 2019 or at balance date (2018 – nil).

The Consolidated Entity has not hedged exposure to a general decline in equity market values as such strategies are not considered cost effective.

(iv) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Consolidated Entity. Credit risk arises from all financial assets included in the balance sheet.

During the current reporting period, the Consolidated Entity has been exposed to credit risk arising from the potential default of customers with which it transacted. The Consolidated Entity endeavours to trade with only creditworthy third parties. As such collateral is not requested nor is it the Consolidated Entity's policy to securitise its trade and other receivables. A credit policy is in place and exposure to credit risk is monitored on an ongoing basis. Derivatives are not held to offset any credit exposure.

The Consolidated Entity may provide loan funding to investee entities which are not wholly owned but only when it forms part of the overall funding provided for an investment transaction. Approval of such funding is the responsibility of the Board.

Operating businesses that the Consolidated Entity invests in and which are not wholly owned will have their own credit risk policies. The Consolidated Entity endeavours to oversee that such entities have appropriate credit risk policies in place. Such oversight may be limited by the terms of the transaction.

The carrying amounts of the financial assets recognised in the balance sheet best represent the Consolidated Entity's maximum exposure to credit risk at the reporting date.

The Company has exposure to loans made to subsidiary entities to enable those entities to fund the investment transactions that the Board has elected to pursue and/or to fund the operations of those subsidiaries. Repayment of loans by the subsidiary entities is dependent upon proceeds realised by the subsidiary entities from investment transactions and/or net cash generated from operating activities.

Ageing of financial assets

The following table assesses the ageing of the carrying amount of the Consolidated Entity's financial assets at the reporting date and details any financial assets that are individually impaired.

Consolidated	**Cash and cash equivalents 2019** $'000	**Receivables 2019** $'000	**Cash and cash equivalents 2018** $'000	**Receivables 2018** $'000
Neither past due or impaired	3	622	155	905
Past due but not impaired:				
< 30 days	-	42	-	5
30-60 days	-	-	-	19
60-90 days	-	-	-	-
> 90 days[1, 2]	-	589	-	74
Collectively impaired	-	-	-	-
Individually impaired	-	(39)	-	(39)
Total	3	1,214	155	964

[1, 2] Balance in greater than 90 days represents $550,000 receivable for shares issued during the period which is expected to be recovered, and $38,500 trade receivable which has been fully impaired.

(v) Liquidity risk

Liquidity risk is the risk that the Company or its subsidiaries will not be able to meet financial obligations as they fall due. The Board has approved a Financial Management Policy applicable to the Company and its wholly owned subsidiaries. The Financial Management Policy includes policies for the investment of surplus cash and the monitoring of the liquidity, including the preparation of cash forecasts. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities as they fall due. The liquidity position is monitored for the impact of potential investment acquisitions or divestments, including any potential funding requirements.

Details of debt funding terms and facilities that the Consolidated Entity has in place are disclosed in Note 15.

Operating businesses in which the Consolidated Entity has invested and which are not wholly owned are required to manage their own liquidity requirements to meet their financial obligations as they fall due. The Consolidated Entity is able to monitor the liquidity position of these entities subject to the terms of the transaction and/or where it has board representation.

The following table analyses the Consolidated Entity's financial liabilities into relevant maturity groups based on the remaining contracted maturity period at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Consolidated	**Creditors and payables 2019** $'000	**Unsecured borrowings 2019** $'000	**Creditors and payables 2018** $'000	**Unsecured borrowings 2018** $'000
Contractual cash flows	4,559	6,441	2,281	4,377
Residual contract maturities:				
6 months or less	4,336	2,451	2,101	1,789
6 – 12 months	223	3,990	180	2,588
1 – 2 years	-	-	-	-
2 – 5 years	-	-	-	-
More than 5 years	-	-	-	-
Total carrying amount	4,559	6,441	2,281	4,377

Capital risk management

The Board regularly reviews the Company's capital plan, including equity and debt requirements and dividend policy. This is done in consideration of the Company having an appropriate capital structure to support its operations. The Company does not expect to pay a regular dividend in the foreseeable future.

The Company completed several capital raisings during 2019. Details are set out in Notes 19. The Company also raised funds through loans facilities. Refer Note 15 and 31.

19 Issued capital

	Company 2019 Shares	Company 2018 Shares	Company 2019 $'000	Company 2018 $'000
Ordinary shares, fully paid	152,039,052	2,537,559,895	155,105	153,575
Movement in ordinary share capital				
Balance at the beginning of the period	2,537,559,895	956,720,314	153,575	146,582
Issues of new fully paid shares	503,211,001	452,118,998	1,617	2,446
Reduction in shares due to share consolidation[1]	(2,888,731,544)	-	-	-
Issue of shares on conversion of convertible notes	-	986,832,012	-	3,947
Issue of shares on exercise of options	-	141,888,571	-	993
Capital raising costs incurred	-	-	(87)	(393)
Net balance at end of period	152,039,352	2,537,559,895	155,105	153,575

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and the amounts paid on the shares held.

During 2019 to date, the Company has issued:
- 55,955,581 ordinary shares on 15 January 2019 to sophisticated investors as part of a share purchase plan;
- 872,086 ordinary shares on 29 March 2019 to vendors on final settlement of the acquisition of Invigor Asia Pte Limited (formerly Sprooki Pte Limited)
- 66,800,000 ordinary shares on 15 April 2019 to a sophisticated investor
- 125,000,000 ordinary shares on 29 May 2019 to a sophisticated investor
- 62,500,000 ordinary shares on 31 May 2019 to sophisticated investors as a bonus issue[2]
- 8,750,000 ordinary shares on 26 June 2019 to a sophisticated investor, payment in lieu of broker fees
- 183,333,334 ordinary shares on 25 September 2019 to a sophisticated investor
- 807 ordinary shares on 10 October 2019 to various shareholders following a 20:1 consolidation of the Company's shares[1]

[1] At a General Meeting on 26 September 2019 the Company's shareholders approved a consolidation of the Company's ordinary share capital, and other equity instruments including incentive options and convertible notes, in the ratio of 20:1. The consolidation was completed on 10 October 2019, and as a result, an additional 807 ordinary shares were issued due to rounding.
[2] The issue of 62,500,000 ordinary shares on 31 May 2019 represented a guarantee to a sophisticate investor, no consideration was received or receivable for the issue.

The movement in issued shares (excluding capital raising costs) is reconciled to cash proceeds from share issues as follows:

	Company 31 Dec 2019 $'000	Company 31 Dec 2018 $'000
Cash received from share issues	782	2,162
Gross up for conversion of convertible notes	-	3,947
Gross movement for fully paid shares issued for cash	782	6,109
Issue of shares other than for cash[1]	835	1,277
Issues of new fully paid shares	**1,617**	**7,386**

[1] *$835,000 in 2019 includes $237,000 received in cash in 2018 (see note 21), and $550,000 receivable at 31 December 2019.*

20 Share Options

(a) Warrants

The Company has issued Warrants as approved by Shareholders on 19 April 2017, 23 June 2017 and 26 April 2019 as follows (note that the adjusted number of shares and exchange price shown is post share consolidation in October 2019):

- A warrant over 3,333,334 (previously 66,666,667) fully paid ordinary shares for an exchange price of 60 cents per share (previously 3 cents per share) to Partners for Growth IV, L.P. The warrant is for a term of 5 years and expires on 19 April 2022.
- A warrant over 1,333,334 (previously 26,666,667) fully paid ordinary shares for an exchange price of 40 cents per share (previously 2 cents per share) to Allectus Capital Limited. The warrant is for a term of 5 years and expires on 23 June 2022.
- A warrant over 2,500,000 (previously 50,000,000) fully paid ordinary shares for an exchange price of 8 cents per share (previously 0.4 cents per shares) to Partners for Growth IV, L.P. The warrant is for a term of 3 years and expires on 26 April 2022.

(b) Options granted under incentive plans

The Company provides benefits to defined employees of the Consolidated Entity (including executive directors) in the form of share-based payment transactions, whereby employees render services in exchange for shares or options over shares ("equity-settled transactions"). Approved incentive plans for the granting of options to defined employees (including executive directors) ("Plans") are in place. At 31 December 2019, there were 7,628,379 options on issue under the Plans (2018 – 173,183,325). As per note 19, a consolidation of the Company's equity instruments occurred in October 2019, which reduced the number of incentive options on issue at that time in the ratio of 20:1.

Options on issue under the Plans may have varying vesting dates. All options on issue under the Plans at 31 December 2019 expire 5 years from the applicable grant date.

The Company did not issue any ordinary shares to participants in the Plans during the year ended 31 December 2019 upon exercise of options as no previously granted options were exercised. The issue of shares upon the exercise of options will be governed by the terms of the relevant plan.

Date options granted	Expiry Date	Exercise price[1] $	Balance at start of the period #	Issued during the period #	Cancelled or Lapsed during the period #	Impact of share consolidation #	Exercised during the period #	Balance at end of the period #	Exercisable at end of the period #
17-Sep-14	17-Sep-19	2.00	3,283,328	0	(3,823,328)	0	0	0	0
26-Mar-15	26-Mar-20	2.00	3,166,665	0	0	(3,008,328)	0	158,337	158,337
1-Jul-15	1-Jul-20	2.00	6,583,333	0	0	(6,254,164)	0	329,169	329,169
29-Jul-15	29-Jul-20	2.00	416,667	0	0	(395,833)	0	20,834	20,834
1-Dec-15	1-Dec-20	2.00	416,665	0	0	(395,830)	0	20,835	20,835
12-Jul-16	12-Jul-21	1.00	2,500,000	0	(2,500,000)	0	0	0	0
20-May-17	20-May-22	1.00	5,816,667	0	(416,667)	(5,129,990)	0	270,010	196,674
22-Jun-17	22-Jun-22	0.60	1,000,000	0	0	(949,996)	0	50,004	33,336
3-Jul-17	3-Jul-22	1.00	2,000,000	0	0	(1,899,998)	0	100,002	66,668
1-Aug-17	1-Aug-22	1.00	2,250,000	0	(416,667)	(1,741,659)	0	91,674	75,006
3-Apr-18	3-Apr-23	1.00	750,000	0	0	(712,500)	0	37,500	12,500
4-Dec-18	4-Dec-23	0.20	145,000,000	0	(14,000,000)	(124,449,986)	0	6,550,014	2,183,338
Total			**173,183,325**	**0**	**(20,616,662)**	**(144,938,284)**	**0**	**7,628,379**	**3,096,698**

[1] *The exercise price of each option has been adjusted following the share consolidation in the ration 20:1.*

The Weighted Average Exercise Price of options on issue under incentive plans at balance date is $0.40 (2018: $0.02).

The principal rules governing the operation of the Plans are as follows:

(i) The Board is responsible for determining the number of options granted to each eligible employee;

(ii) Vesting conditions in relation to options are determined by the Board at the time of determination of option entitlements;

(iii) Options which have not vested when an employee ceases their employment will lapse unless an employee ceases to be employed through death, retirement or disablement, in which case special provisions apply or if the Board otherwise determines;

(iv) The share option exercise price is determined by the Board;

(v) The acquisition price of the options are nil, unless the Board determines that it should be any other amount;

(vi) Share options issued pursuant to the Plans are not transferable; and

(vii) Options not exercised by their expiry date will lapse.

The weighted average contractual life of all options on issue under incentive plans outstanding at 31 December 2019 was 1,308 days (2018 – 1,643 days).

(c) Other Options

The Company has granted options over shares (“Other Options”) as part of fee arrangements for capital markets and other services; to non-executive Directors; and to sophisticated investors as detailed in the table below.

Entitlement – one fully paid ordinary share in the Company for each Other Option exercised. There are no vesting or exercise conditions.

Date options granted	Expiry Date[1]	Exer-cise price[2]	Balance at start of the period	Issued during the period	Cancelled or Lapsed during the period	Impact of share consolidation	Exer-cised during the period	Balance at the end of the period	Exercisable at the end of the period
		$	#	#	#	#	#	#	#
18-Aug-14	5-Aug-19	2.00	5,000,000	0	(5,000,000)	0	0	0	0
17-Jun-16	17-Jun-21	2.00	750,000	0	0	(712,500)	0	37,500	37,500
17-Jun-16	1-Jul-19	2.00	10,000,000	0	(10,000,000)	0	0	0	0
19-Apr-17	19-Apr-22	1.00	750,000	0	0	(712,500)	0	37,500	37,500
5-Jul-17	5-Jul-22	0.60	500,000	0	0	(474,998)	0	25,002	16,668
5-Jul-17	5-Jul-22	1.00	250,000	0	0	(237,499)	0	12,501	8,334
28-Feb-19	28-Feb-20	0.08	0	25,000,000	0	(23,750,000)	0	1,250,000	1,250,000
29-May-19	29-May-20	0.10	0	50,000,000	0	(47,500,000)	0	2,500,000	2,500,000
25-Sep-19	28-Feb-20	0.08	0	93,750,000	0	(89,062,500)	0	4,687,500	4,687,500
25-Sep-19	28-Feb-20	0.08	0	15,625,000	0	(14,843,750)	0	781,250	781,250
27-Nov-19	31-Dec-20	0.08	0	21,250,000	0	0	0	21,250,000	21,250,000
Total			**17,250,000**	**205,625,000**	**(15,000,000)**	**(177,293,747)**	**0**	**30,581,253**	**30,568,752**

[1] Subsequent to balance date, 6,718,750 other options have expired and lapsed.

[2] The exercise price of each option has been adjusted following the share consolidation in the ration 20:1.

21 Reserves

	Consolidated 2019 $'000	Consolidated 2018 $'000
Employee equity benefits reserve		
Opening balance	2,443	2,336
Share based payments expense (Note 6)	227	107
Total employee equity benefits reserve	2,670	2,443
Foreign currency translation reserve		
Opening balance	(296)	(157)
Exchange differences arising on the translation of the financial statements of foreign subsidiaries	(32)	(139)
Total foreign currency translation reserve	(328)	(296)
Options reserve		
Opening balance	378	376
Options expense	72	2
Total options reserve	450	378
Shares not yet issued reserve		
Opening balance	237	909
Shares issued in the period	(237)	(672)
Total shares not yet issued reserve	-	237
Total reserves	**2,792**	**2,762**

The employee equity benefits reserve is used to record the value of share-based payments provided to employees, including key management personnel, as part of their remuneration.

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

The options reserve is used to record the value of options issued as part of contracted fee arrangements for services to be provided by third parties, and options granted to non-executive Directors.

In December 2018, $236,800 was recognised in reserves for shares not yet issued at 31 December 2018. This amount was received in cash prior to period end pursuant to a Share Purchase Plan of the Company in December 2018 and January 2019. A further $15,000 in cash was received in January 2019. On 15 January 2019, 55,955,581 ordinary shares were issued for the $251,800 total cash received.

22 Dividends

No dividends were proposed or paid during the financial year (2018 - $nil). No final dividend has been proposed for payment (2018 - $nil).

The Company has no franking credits available for subsequent years (2018 - $nil).

23 Commitments

Leases
Commitments in relation to short term leases contracted for at the reporting date but not recognised as liabilities total $17,000 at 31 December 2019.

Other commitments
The directors are not aware of any other commitments at balance date or arising since the end of the financial period that have significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity in subsequent financial periods.

24 Contingent Liabilities

The directors are not aware of any material contingent liabilities at balance date or arising since the end of the financial period that have significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity in subsequent financial periods.

25 Parent Entity Disclosures

As at, and throughout the financial year ending 31 December 2019, the parent Company of the Consolidated Entity was Invigor Group Limited.

	Company 2019 $'000	**Company 2018** $'000
Result of the parent entity		
Profit (loss) for the period	(13,118)	(12,276)
Other comprehensive income (expense)	-	-
Total comprehensive income (expense) for the period	(13,118)	(12,276)
Financial position of the parent entity at year end		
Current assets	307	1,665
Non-current assets	5	4,278
Total assets	312	5,943
Current liabilities	14,416	8,543
Non-current liabilities	24	8
Total liabilities	14,440	8,551

Total equity of the parent entity comprises:		
Share capital	155,104	153,575
Reserves	3,129	3,061
Retained earnings (accumulated losses)	(172,361)	(159,244)
Total equity	(14,128)	(2,608)

Contingent liabilities of the Company at 31 December 2019 are detailed at Note 24. Investment commitments of the Company at 31 December 2019 are detailed at Note 23. The Company had no capital expenditure commitments at 31 December 2019. The Company had not provided any guarantees at 31 December 2019.

26 Related party transactions and key management personnel disclosures

The following were key management personnel of the Consolidated Entity at any time during the reporting period and, unless otherwise indicated, were key management personnel for the entire period:

Bob McKinnon	Chairman and Non-executive director – resigned 18 June 2019
Gary Cohen	Chief Executive Officer – Chairman from 18 June 2019
Gregory Cohen	Executive Director – Chief Financial Officer
Claire Mula	Executive Director – Chief Operating Officer - resigned as a Director on 31 May 2019, and as COO on 30 June 2019
Roger Clifford	Non-executive director
Jeremy Morgan	Non-executive director
Jack Hanrahan	Non-executive director
Michael Stone	Director for Products
Thierry Manor	Commercial Director from 1 October 2019
Leslie Cohen	Commercial Director and CEO of TillerStack until 20 May 2019

Other than as noted above, there have been no changes in key management personnel in the period after the reporting date and prior to the date when the financial report is authorised for issue.

Details of remuneration
Details of the total remuneration of all key management personnel, including their personally related entities, are as follows:

	Consolidated 2019 $	**Consolidated 2018** $
Short term employee benefits (including superannuation)	1,200,824	1,369,272
Other long-term benefits	6,424	5,704
Post-employment benefits	-	-
Share based payments	181,200	79,207
Termination benefits	-	-
	1,388,448	**1,454,183**

Equity instrument disclosures relating to key management personnel are included in the Directors Report and Remuneration Report.

Other transactions with key management personnel or related parties, excluding remuneration
A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. A number of those entities transacted with the Company or its subsidiaries in the reporting period. The terms and conditions of the transactions were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on an arm's-length basis.

The Company has entered into cost recovery agreements with Marcel Equity Pty Ltd and its associated entities ("Marcel"), being entities associated with Gary Cohen and Gregory Cohen, under which the Company reimburses Marcel, on a cost recovery basis, for services provided. Services include use of office space, provision of administration services, and such other services as may be agreed from time to time. An expense of approximately $665,000 was incurred during the current reporting period (2018 - $678,000). An amount of $147,580 was payable by the Company to Marcel at balance date (2018 - nil).

The Consolidated Entity has a $100,000 interest bearing bank overdraft facility with National Australia Bank which was drawn to $76,000 at 31 December 2019 (2018 – fully available), and a $30,000 credit card facility. The facilities are secured by guarantees provided by entities associated with Gary Cohen and Gregory Cohen. In addition, guarantees have also been provided by entities associated with Gary Cohen on the PFG loan facility (previously $2 million, reduced to $200,000 in the period). An expense of $54,736 (2018 – $47,235) has been recognised in relation to these guarantees and is payable in full at balance date.

In February 2016, the Company entered into an interest-bearing short-term loan arrangement with Marcel Equity Pty Ltd, a company associated with Gary and Gregory Cohen under which $700,000 would be made available as and when required by the Company, subject to the terms of the loan arrangement. The facility amount has subsequently been increased as detailed in note 15, and had a limit of $5 million at 31 December 2019.

Aggregate amounts of each of the above types of other transactions:

	Consolidated 2019	Consolidated 2018
Amounts recognised as expense	$'000	$'000
Service fees and cost recoveries to Marcel Equity and associated entities	665	678
Interest on borrowings/convertible notes from/held by entities associated with Gary Cohen, Gregory Cohen and Leslie Cohen	367	310
Guarantee fees on loan and overdraft facilities	55	47
	1,087	1,035

Aggregate amounts of liabilities at balance date relating to the above transactions:

	Consolidated 2019	Consolidated 2018
Amounts recognised as liabilities	$'000	$'000
Convertible notes and accrued interest owing to entities associated with Gary Cohen, Gregory Cohen and Leslie Cohen	42	38
Loans and accrued interest owing to Marcel Equity and associated entities	5,631	2,727
Service fees and cost recoveries owing to Marcel Equity and associated entities	148	-
Guarantee fees on loan and overdraft facilities	102	47
	5,923	2,812

$5,040,000 of the amounts recognised as liabilities are included in interest bearing loans and borrowings at 31 December 2019, and the balance is in other creditors and accrued expenses.

27 Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policies described in note 1(e).

Name of entity	Country of incorporation	Class of Shares	Equity holding 2019 %	Equity holding 2018 %
Amethon Solutions (Asia Pacific) Pty Ltd	Australia	Ordinary	100	100
Global Group Australia Pty Ltd	Australia	Ordinary	100	100
Global Group Ventures Pty Ltd	Australia	Ordinary	100	100
IN Mall Pty Ltd (formerly AimIPCo Pty Ltd)	Australia	Ordinary	100	100
Invigor Asia Pte Limited	Singapore	Ordinary	100	100
Invigor Digital Solutions Pty Ltd	Australia	Ordinary	100	100

TillerStack Limited	Australia	Ordinary	100	100
TillerStack GmbH (formerly Invigor Holdings (Germany) GmbH)	Germany	Ordinary	100	100
Invigor Digital Solutions India Private Ltd	India	Ordinary	100	100
My Digital Marketing Team International Pty Ltd	Australia	Ordinary	100	100
Sun Asia Australia Pty Ltd (formerly Social Loot Australia Pty Ltd)	Australia	Ordinary	100	100

28 Auditor remuneration

Fees paid or payable by the Consolidated Entity for services provided by the Company's auditor, Moore Stephens during the year were:

	Consolidated 2019 $	Consolidated 2018 $
Audit services	82,520	79,052
Other services	-	-
	82,520	79,052

Fees paid or payable by the Consolidated Entity for services provided by other audit firms during the year were:

Audit services	27,452	37,551
Other services	4,474	25,365
	31,926	62,916
Total	114,446	141,968

29 Earnings per share

	Consolidated 2019 Cents	Consolidated 2018 Cents
Earnings per share - total		
Basic earnings (loss) per share attributable to ordinary equity holders	(0.61)	(0.93)
Diluted earnings (loss) per share attributable to ordinary equity holders	(0.61)	(0.93)
Earnings per share – continuing operations		
Basic earnings (loss) per share attributable to ordinary equity holders	(0.61)	(0.65)
Diluted earnings (loss) per share attributable to ordinary equity holders	(0.61)	(0.65)
	$'000	**$'000**
Reconciliation of earnings used in the calculation of basic earnings per share		
Profit (loss) for the year from continuing operations	(13,068)	(8,650)
Discontinued operations	-	(3,684)
Earnings used in the calculation of total basic earnings per share	(13,068)	(12,334)
Reconciliation of earnings used in the calculation of diluted earnings per share		
Earnings used in the calculation of total basic earnings per share	(13,068)	(12,334)
Non-discretionary changes in earnings arising from dilutive potential ordinary shares	-	-
Earnings used in the calculation of total diluted earnings per share	(13,068)	(12,334)

	Shares	Shares
Weighted average number of ordinary shares used in the calculation of basic earnings per share	2,153,277,939	1,326,735,424
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	2,153,277,939	1,326,735,424

30 Reconciliation of cash flows from operating activities

	Consolidated 2019 $'000	Consolidated 2018 $'000
Net profit (loss) for the year after related income tax expense	(13,068)	(12,334)
Add(deduct):		
Depreciation and amortisation	1,931	3,557
Borrowing costs shown as financing cash flows	431	1,023
Capitalised costs in operating cash flows	-	(1,723)
Impairment of intangibles & other financial assets	4,727	-
(Profit) loss from Joint Venture	(50)	(31)
(Profit) loss on sale of assets	(77)	-
(Gain) loss on discontinued operations	-	3,684
Share based payment and option expenses	299	109
Changes in operating assets and liabilities:		
Decrease (increase) in trade and other receivables	550	988
Increase (decrease) in trade and other payables	2,477	(146)
Increase (decrease) in deferred revenue	(199)	(75)
Increase (decrease) in provisions	288	(112)
Exchange differences on translation	55	6
Net cash from (used in) operating activities	**(2,636)**	**(5,054)**

31 Events Subsequent to Balance Date

As per note 17, since balance date, the Company have repaid an additional $100,000 to Raus toward the convertible note dispute settlement.

In February 2020, the Company extended the term and amount of the loan facility agreement with Marcel Equity Pty Ltd to 31 December 2021, and $7.5 million (from $5 million at 31 December 2019) with 15% pa interest. It is intended that a significant portion of the Marcel Equity facility will be converted to equity subject to shareholder approval. See below under 'Planned General Meeting'.

In February 2020, the Company also extended the term of the employee loan facilities to 30 April 2020.

Planned General Meeting
The Company is finalising resolutions and the required Notices, and intends to call a General Meeting of shareholders in May 2020. The resolutions seek approval for transactions including:

- the conversion of substantial debt from Marcel Equity and convertible note holders into equity;
- the extension of existing convertible notes; and
- a significant capital raise through the issue of ordinary shares.

Covid-19
Over recent weeks the economic outlook for the Australian market has changed significantly. Whilst the Company's customers are large recognised corporate brands and retailers it is unclear how the Company will be affected in the coming months and whether the Company's plans for capital raising can be achieved within the timetable it had planned. The Company will monitor the situation very closely and provide updates as more information comes to hand.

Likely Developments and Prospects
The Company intends to undertake a capital raising to retire debt, fund growth and provide sufficient working capital to ensure the reinstatement of market trading. The proposed General Meeting of shareholders in May

2020 will seek approval for the raising of up to $4 million in capital. The Company may decide to break up the capital raising into several tranches.

The Company also intends and has committed to explore strategic opportunities to further drive revenue growth and profitability, which will likely be required to ensure that the full amount of the fund-raising requirements is achieved.

The directors are not aware of any other matter or circumstance that has occurred since the end of the financial period that has significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity in subsequent financial periods.

DIRECTORS DECLARATION

In the opinion of the Directors of Invigor Group Limited ("the Company"):

(a) the consolidated financial statements and notes set out on pages 17 to 56, and the remuneration disclosures that are contained in pages 11 to 15 of the Directors' Report, are in accordance with the Corporations Act 2001, including:
- (i) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2019 and of its performance for the financial year ended on that date; and
- (ii) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Regulations 2001.

(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.

The directors draw attention to Note 1 to the financial statements, which include a statement of compliance with International Financial Reporting Standards.

The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer, or their equivalents, for the financial year ended 31 December 2019.

Signed in accordance with a resolution of the Directors.

Gary Cohen
Chairman

Dated at Sydney this 31st day of March 2020

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