

**ISENTRIC LIMITED  
AND CONTROLLED ENTITIES  
ACN 091 192 871**

**2020 ANNUAL REPORT**

## TABLE OF CONTENTS

Directors' Report	1
Auditor's Independence Declaration	9
Financial Report:	
▪ Consolidated Statement of Profit or Loss and Other Comprehensive Income	10
▪ Consolidated Statement of Financial Position	11
▪ Consolidated Statement of Changes in Equity	12
▪ Consolidated Statement of Cash Flows	13
▪ Notes to the Financial Statements	14
▪ Director's Declaration	41
Independent Auditor's Report to the Members of iSentric Limited	42
Corporate Governance Statement	48
Additional Investors Information	56

The Directors present their report together with the financial report of iSentric Limited and its controlled entities (ASX:ICU) for the financial year ended 30 June 2020.

## **Directors**

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

Lee Chin Wee	Executive Director, Interim Chairman from 8 July 2020
Andrew Bristow	Non-Executive Director (Appointed 8 July 2020)
Kwong Yang Chong	Non-Executive Director
Raymond Hor	Non-Executive Director
Bai GuoJin	Non-Executive Director (Appointed 3 March 2020, resigned 28 September 2020)
Tim Monger	Non-Executive Chairman (Resigned 8 July 2020)

## **Company Secretary**

Jarrold White (Appointed 8 July 2020)  
Gary Stewart (Resigned 8 July 2020)

## **Principal Activities**

The principal operations and activities of the Consolidated Entity were the provision of software-based mobile telecommunications and technology business in the Asia-Pacific market.

## **Dividends**

No interim dividend was declared or paid during the current financial year. The directors are recommending that no final dividend to be paid in respect of the year ended 30 June 2020 (2019: \$nil).

## **Review of Operations**

For the year ended 30 June 2020, the consolidated entity generated an after tax loss of \$2,610,228 (2019: loss \$4,698,054), had net cash inflows from operating activities of \$81,437 (2019: outflows \$252,670) and had net assets of \$2,465,177 (2019: net assets \$4,886,828).

The Company experienced a difficult year during the financial year ended 30 June 2020, having experienced declining revenues in Indonesia and Malaysia in the six months to December 2019 and further exacerbated by the COVID-19 outbreak.

The global economic growth was significantly affected due to the outbreak of COVID-19 and its rapid spread across the globe. Inevitably, social and economic conditions in Malaysia, Indonesia and Myanmar have been affected by the COVID-19, particularly, as Governments have implemented lockdowns, which has restricted business activities. Therefore, our Digital Media & Services, Enterprise Mobility and Digital Gaming divisions have slowed down during this outbreak period amidst market uncertainty.

## Financial Position

The net assets of the consolidated group have decreased by \$2,421,651 from 30 June 2019 to \$2,465,177 as at 30 June 2020.

As at 30 June 2020, the consolidated group has a working capital surplus, being current assets less current liabilities, of \$191,195 (2019: \$907,883).

### Significant Changes in State of Affairs

There were no significant changes in the state of affairs of the consolidated group for the year ended 30 June 2020.

## Likely Developments

As part of our social gaming expansion strategy, the Company is constantly looking into introducing new digital media services in South East Asia. The Company also plans to explore collaborations that will help its expansion objectives as well as provide new sources of revenue by leveraging on iSentric's existing telecommunication and banking customers.

## Director Information

[illegible]

Appointed 8 September 2014, appointed Interim Chairman on 8 July 2020

Lee Chin Wee is a founding shareholder and a director of iSentric.

Lee Chin Wee holds a First Class BEng (Hon) degree in Electrical & Electronic Engineering from University College London, United Kingdom and a Master of Business Administration (MBA) from University of Malaya. Prior to iSentric, Lee Chin Wee worked at Accenture as a Business Consultant focusing on telecommunications billing systems, product development and revenue assurance. Lee Chin Wee has experience in marketing and business development and actively targets growth with existing customers and to establish new partners and customers.

**Mr Andrew Bristow**                      **Non-Executive Director**

Appointed 8 July 2020

Mr Bristow is a corporate lawyer with over 35 years experience, specialising in corporate and commercial law with a focus on initial public offerings (IPOs) and capital raising for both listed and unlisted companies.

**Mr Kwong Yang Chong**                      **Independent Non-Executive Director**

Appointed 8 September 2014

Kwong Yang Chong is of Australian nationality. Kwong Yang Chong is the Chief Financial Officer of Donaco International Limited. He has substantial experience in finance and accounting and is a CPA Australia member. Kwong Yang Chong's relevant experience includes:

- (a) Audit manager at Ernst & Young for ten years;
- (b) Financial controller of a leading commercial advertisement production Group in Malaysia for 10 years;
- (c) Corporate Finance Manager and Company Secretary of Eaton Industries Pty Ltd, a wholly owned company of Eaton Corporation, a Fortune 500 company listed on the US stock exchange; and
- (d) Chief Financial Officer of Donaco International Ltd (an ASX listed company).

**Mr Raymond Hor**                              **Non-Executive Director**

Appointed 23 June 2015

Raymond Hor is an experienced executive with over 17 years experience in the TMT sector across Asia. He has extensive knowledge in technology related business, with experience in systems engineering, R&D and sales and marketing.

**Directors' Interests in Shares and Options**

<b>Directors</b>	<b>Existing Shares</b>
<i>Direct Interest</i>	
Kwong Yang Chong	-
Lee Chin Wee	4,692,843
Raymond Hor	833,334
Bai GuoJin*	10,000,000
Andrew Bristow	-
Tim Monger*	1,000,000

\* As at dates of resignation

**Meetings of Directors**

The number of director's meetings attended by each of the directors of the Company during the financial year were:

<b>Director</b>	<b>Directors' Meetings</b>		<b>Audit &amp; Remuneration</b>	
	<b>Number Attended</b>	<b>Number Eligible to Attend</b>	<b>Number Attended</b>	<b>Number Eligible to Attend</b>
Lee Chin Wee	12	12	-	-
Kwong Yang Chong	11	12	2	2
Tim Monger	12	12	2	2
Raymond Hor	11	12	2	2
Bai GuoJin	5	5	-	-
Andrew Bristow	-	-	-	-

## **Remuneration Report**

Remuneration levels for Directors and executives are determined as part of an annual performance review, having regard to market factors, a performance evaluation process and independent remuneration advice. Remuneration packages comprise only a fixed salary component. The remuneration structures in place are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. The remuneration structures take into account the following:

- (a) The capability and experience of the Directors and executives; and
- (b) The Directors and executive's ability to control the financial performance of the Company's operations.

### **Fixed remuneration**

Fixed remuneration consists of base remuneration (which is calculated on a total cost basis and includes any FBT payable related to employee benefits), as well as employer contributions to superannuation funds. In addition, external consultants provide analysis, and when requested, advice to ensure the Directors' and senior executives' remuneration is competitive in the market place.

### **Service agreements**

Executives have service agreements that are capable of termination within three months. In the event of termination or resignation, employees are entitled to their statutory entitlements to annual leave and long service leave, if applicable. There are no service agreements with any of the Directors.

### **Non-executive Directors**

Total aggregate remuneration for all non-executive Directors approved by shareholders at an annual general meeting totalled \$250,000 (plus statutory superannuation). Director fees paid or payable to non-executive Directors total \$52,500. Fees for non-executive directors are not linked to the performance of the consolidated group. Currently, the remuneration for a non-executive director is \$23,750 per annum.

Directors' fees cover all main Board activities. Directors who perform additional duties (e.g. extended business related travel overseas, special projects relating to preparation of half year and annual reports) over and above that of normal Director's duties are remunerated on commercial terms and conditions. Details of the nature and amount of each major element of remuneration for each Director of the Consolidated Entity and each of the most highly remunerated officers are as follows:

**Details of remuneration**

Total remuneration paid or payable to the Key Management Personnel for the year ended **30 June 2020** is set out below:

Key Management	Short term employee benefits		Total
	Director's	Remuneration	
	Fees		
	\$	\$	\$
Lee Chin Wee	-	92,814	92,814
Kwong Yang Chong	23,750	-	23,750
Raymond Hor	-	-	-
Bai GuoJin*	5,000	-	5,000
Tim Monger^	23,750	-	23,750
Tham Jee Yeung**	-	211,087	211,087
Total	52,500	303,901	356,401

\*Appointed 3 March 2020, resigned 28 September 2020

^Resigned 8 July 2020

\*\*Terminated 31 July 2020

Total remuneration paid or payable to the Key Management Personnel for the **year ended 30 June 2019** is set out below:

Key Management	Short term employee benefits		Total
	Director's	Remuneration	
	Fees		
	\$	\$	\$
Lim Keong Yew	27,500	-	27,500
Lee Chin Wee	-	118,296	118,296
Terry Cuthbertson	22,500	-	22,500
Kwong Yang Chong	30,000	-	30,000
Raymond Hor	12,751	78,963	91,714
Tim Monger	30,000	-	30,000
Tham Jee Yeung	-	256,047	256,047
Total	122,751	453,306	576,057

**Options issued as part of remuneration for the year ended 30 June 2020**

No options have been granted as part of remuneration to any Director or other key management personnel of the group. (2019: Nil)

**[This is the end of the Remuneration Report].**

### **Audit Committee**

The Audit Committee consists of Mr Tim Monger (resigned 8 July 2020), Mr Kwong Yang Chong and Mr Raymond Hor, who are all in charge of fulfilling the functions of the Audit Committee. This involves maintaining a Code of Corporate Conduct for the consolidated group, and to ensure additional assurance with respect to the quality and reliability of the information provided is prepared or approved by third party providers. The board is responsible for the appointment of the external auditor. The Board is responsible for reviewing the effectiveness of the organisation's internal control environment covering:

- (a) effectiveness and efficiency of operations
- (b) reliability of financial reporting
- (c) compliance with applicable laws and regulations.

In fulfilling its responsibilities the Board receives monthly management accounts which are tabled at monthly board meetings.

### **Environmental Issues**

The consolidated group's operations are not subject to significant environmental regulation under a law of the Commonwealth or of a state or territory of Australia.

### **Directors' and Executive Officers' Indemnification**

The Consolidated Entity has not, during the financial year, in respect of any person who is or has been an officer or auditor of the Consolidated Entity or a related body corporate, indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings.

During the financial year, the Consolidated Entity paid insurance premiums of \$37,957 (excluding of GST) to insure the Directors and officers of the consolidated entity for costs and expenses which may be incurred in defending civil or criminal proceedings that may be brought against the Directors and officers in their capacity as Directors and officers of entities in the group.

There is no indemnification in relation to the auditors.

### **Non-audit Services**

During the year, MNSA Pty Ltd, the Company's Auditor, has performed certain other services in addition to their statutory duties.

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

- (a) all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit and Risk Committee to ensure they do not impact the integrity and objectivity of the Auditor;



- (b) the non-audit services do not undermine the general principles relating to auditor independence;
- (c) 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 management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

The following amounts were paid or are payable by the Consolidated Entity for non-audit services provided during the year:

	2020	2019
	\$	\$
<b>Non audit services</b>		
Tax compliance services	1,100	1,100

### Options

No options were issued during the year.

### Proceedings on Behalf of Company

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

### Matters Subsequent to the End of the Financial Year

The following significant events occurred subsequent to 30 June 2020:


- Mr Lee Chin Wee was appointed as Interim Chairman on 8 July 2020;
- Mr Andrew Bristow joined the Board as a Non-Executive Director on 8 July 2020;
- Mr Jarrod White was appointed as Company Secretary on 8 July 2020;
- Mr Khong Kok Loong and Mr Kenneth Kuan were appointed as CEO and CFO, respectively, of the Malaysian business;
- Mr Tim Monger and Mr Gary Stewart resigned as Chairman and Company Secretary respectively on 8 July 2020;
- The consolidated group Undertook a non-underwritten Share Purchase Plan that resulted in \$2.07 million in capital being raised;
- Mr Bai GuoJin resigned as Non-Executive Director on 28 September 2020; and
- Extraordinary General Meeting held on 30 September 2020 with all resolutions passed in favour by poll.

There were no other matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated group, the results of those operations, or the state of the affairs of the consolidated group, in subsequent financial years.

**Auditor's Independence Declaration**

The auditor's independence declaration for the year ended 30 June 2020 has been received and can be found on page 9 of this Financial Report.

Signed in accordance with a resolution of directors.



**Lee Chin Wee**  
**Executive Chairman**  
**Sydney**  
**30 September 2020**



**ISENTRIC LIMITED ACN 091 192 871  
AND CONTROLLED ENTITIES**

**AUDITOR'S INDEPENDENCE DECLARATION UNDER S 307C OF THE  
CORPORATIONS ACT 2001  
TO THE DIRECTORS OF ISENTRIC LIMITED AND CONTROLLED ENTITIES**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2020 there have been no contraventions of:

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

MNSA Pty Ltd

**MNSA Pty Ltd**

**Mark Schiliro**

Sydney

Dated this 30<sup>th</sup> day of September 2020

## Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2020

		Consolidated Group	
	Note	2020	2019
		\$	\$
Revenue		6,390,287	6,599,911
Cost of Sales		(4,745,050)	(3,967,435)
Gross Profit		<u>1,645,237</u>	<u>2,632,476</u>
Other income	2	124,006	695,587
Amortisation and depreciation		(659,396)	(1,076,385)
Compliance and professional fees		(464,256)	(359,256)
Employee benefits expenses		(1,497,175)	(1,959,699)
Administration expenses		(242,895)	(370,018)
Marketing expenses		(125,459)	(101,348)
Travel expenses		(85,364)	(162,529)
Insurance expenses		(5,199)	(18,150)
Impairment expense		(739,153)	(1,915,003)
Loss on disposal of fixed assets		(255,231)	-
Other expenses		(119,408)	(1,965,715)
<b>Loss before tax</b>		<u>(2,424,293)</u>	<u>(4,600,040)</u>
Income tax expenses	3	(185,935)	(98,014)
<b>Net loss for the year</b>		<u><u>(2,610,228)</u></u>	<u><u>(4,698,054)</u></u>
<b>Other comprehensive income</b>			
Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
Exchange difference on translating foreign operations, net of tax		(8,705)	406,297
<b>Total comprehensive loss for the year attributable to members of the parent entity</b>		<u><u>(2,618,933)</u></u>	<u><u>(4,291,757)</u></u>
<b>Earnings per share</b>			
- Basic	6	(1.37)	(2.56)
- Diluted	6	(1.37)	(2.56)

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

## Consolidated Statement of Financial Position as at 30 June 2020

	Note	Consolidated Group	
		2020	2019
		\$	\$
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	7	578,063	608,783
Trade and other receivables	8	1,747,887	1,671,971
<b>Total Current Assets</b>		<b>2,325,950</b>	<b>2,280,754</b>
<b>Non-Current Assets</b>			
Property and equipment	10	135,453	772,864
Intangible assets	11	2,138,529	3,130,229
Deferred tax assets		-	75,852
<b>Total Non-Current Assets</b>		<b>2,273,982</b>	<b>3,978,945</b>
<b>Total Assets</b>		<b>4,599,932</b>	<b>6,259,699</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	12	2,134,755	1,372,871
<b>Total Current Liabilities</b>		<b>2,134,755</b>	<b>1,372,871</b>
<b>Total Liabilities</b>		<b>2,134,755</b>	<b>1,372,871</b>
<b>Net Assets</b>		<b>2,465,177</b>	<b>4,886,828</b>
<b>Equity</b>			
Issued capital	13	21,164,032	20,966,750
Foreign currency translation reserve/(losses)	22	522,043	530,748
Retained losses		(19,220,898)	(16,610,670)
<b>Total Equity</b>		<b>2,465,177</b>	<b>4,886,828</b>

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

iSentric Annual Report 2020

**Consolidated Statement of Changes in Equity for the year ended**  
**30 June 2020**

**Consolidated Group**

	Issued Capital \$	Reserves \$	Accumulated losses \$	Total \$
<b>Balance at 30 June 2018</b>	<b>20,966,750</b>	<b>124,451</b>	<b>(11,912,616)</b>	<b>9,178,585</b>
Foreign currency translation	-	406,297	-	406,297
Shares issued	-	-	-	-
Loss for the year	-	-	(4,698,054)	(4,698,054)
<b>Balance at 30 June 2019</b>	<b>20,966,750</b>	<b>530,748</b>	<b>(16,610,670)</b>	<b>4,886,828</b>
Foreign currency translation	-	(8,705)	-	(8,705)
Shares issued	200,000	-	-	200,000
Cost related to share issues	(2,718)	-	-	(2,718)
Loss for the year	-	-	(2,610,228)	(2,610,228)
<b>Balance at 30 June 2020</b>	<b>21,164,032</b>	<b>522,043</b>	<b>(19,220,898)</b>	<b>2,465,177</b>

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

## Consolidated Statement of Cash Flows for the year ended 30 June 2020

		Consolidated Group	
		2020	2019
	Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		6,652,037	7,234,671
Payments to suppliers and employees		(6,674,746)	(7,615,939)
Finance costs paid		(4,599)	-
Interest received		567	1,139
Income tax (paid)/refund		(15,261)	30,961
Others		123,439	96,498
<b>Net cash inflow/(outflow) from operating activities</b>	17	<b>81,437</b>	<b>(252,670)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property and equipment		(67,455)	(56,501)
Purchase of intangible assets		(299,769)	(257,856)
Proceeds from disposal of fixed assets		467,532	-
<b>Net cash outflow from investing activities</b>		<b>100,308</b>	<b>(314,357)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from capital raising		200,000	-
Capital raising cost		(2,718)	-
Loans to related parties		(299,592)	-
Repayment of borrowings		(107,437)	-
<b>Net cash inflow from financing activities</b>		<b>(209,747)</b>	<b>-</b>
<b>Net decrease in cash held</b>		<b>(28,002)</b>	<b>(567,027)</b>
Cash at the beginning of the financial period		608,783	1,144,340
Effect of exchange rate changes		(2,718)	31,470
<b>NET CASH AT THE END OF THE YEAR</b>	7	<b>578,063</b>	<b>608,783</b>

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

## Notes to the Financial Statements for the year ended 30 June 2020

### Note 1: Summary of Significant Accounting Policies

iSentric Limited is a company incorporated and domiciled in Australia and is a listed public company whose shares are publicly traded on the Australian Securities Exchange ("ASX").

iSentric Limited is the legal parent of iSentric Sdn Bhd. The consolidated financial statements are issued under the name of iSentric Limited but are deemed to be a continuation of the legal subsidiary iSentric Sdn Bhd (refer Note 1(a)). The consolidated financial statements are for the Consolidated Entity consisting of iSentric Limited and its subsidiaries and iSentric Sdn Bhd and its subsidiaries, combined, as defined on page 39.

#### Basis of Preparation

The consolidated financial report is a general-purpose financial report prepared in accordance with Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and the Corporations Act 2001. The consolidated financial report complies with International Financial Reporting Standards and the interpretations adopted by the International Accounting Standards Board.

The financial report covers iSentric Limited and its controlled entities as a consolidated entity ("Group"). iSentric Limited is a company limited by shares, incorporated and domiciled in Australia.

The financial report was approved by the Directors on 30 September 2020.

The following is a summary of the material accounting policies adopted by the consolidated group in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

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

#### Significant Accounting Policies

##### (a) Principles of Consolidation

In 2014 iSentric Limited acquired all of the issued shares of iSentric Sdn Bhd, resulting in iSentric Sdn Bhd becoming a wholly owned subsidiary of iSentric Limited. The acquisition resulted in the original shareholders of iSentric Sdn Bhd holding a majority share in iSentric Limited. Pursuant to Australian Accounting Standards this transaction represented a reverse acquisition with the result that iSentric Sdn Bhd was identified as the acquirer, for accounting purposes, of iSentric Limited (the "acquiree" and "legal parent").

The consolidated financial report includes the financial statements of iSentric Limited ("Legal Parent Entity") and its consolidated entities. iSentric Limited and its consolidated entities are together referred to in the financial report as the "Consolidated Entity" or "The Group".

A controlled entity is any entity the Legal Parent Entity has the power to control the financial and operating policies so as to obtain benefits from its activities. A list of controlled entities is contained in Note 9 to the financial statements. All controlled entities have a June financial year-end.

The effects of all transactions between entities in the Group have been eliminated in full and the consolidated financial report has been prepared using uniform accounting policies for like transactions and other events in similar circumstances.



## Notes to the Financial Statements for the year ended 30 June 2020

### Business Combinations

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

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

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

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

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

### Goodwill

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

- (i) the consideration transferred;
- (ii) any non-controlling interest (determined under either the full goodwill or proportionate interest method); and
- (iii) the acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of any identifiable assets acquired and liabilities assumed.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (ie reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139: *Financial Instruments: Recognition and Measurement*, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

## Notes to the Financial Statements for the year ended 30 June 2020

The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds less than 100% interest will depend on the method adopted in measuring the non-controlling interest. The Group can elect in most circumstances to measure the non-controlling interest in the acquiree either at fair value (*full goodwill method*) or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets (*proportionate interest method*). In such circumstances, the Group determines which method to adopt for each acquisition and this is stated in the respective note to the financial statements disclosing the business combination.

Under the full goodwill method, the fair value of the non-controlling interest is determined using valuation techniques which make the maximum use of market information where available.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

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

Changes in the ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

### (b) Financial Instruments

#### *Initial Recognition and measurement*

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to purchase or sale of asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

The Group does not designate any interests in subsidiaries, associates or joint ventures as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

#### (i) Financial assets at fair value through profit or loss

Financial assets are classified at "fair value through profit or loss" when they are contingent consideration that may be paid by an acquirer as part of a business combination to which AASB 3: *Business Combinations* applies, held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount included in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned from the financial asset and is included in the face of the statement of profit and loss and other comprehensive income.

#### (ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

## Notes to the Financial Statements for the year ended 30 June 2020

### (iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

### (iv) Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are not expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

### (v) Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Contingent consideration of an acquirer in a business combination to which AASB 3: *Business Combinations* applies is classified as a financial liability and measured at fair value through profit or loss.

### **Fair value estimations**

The fair values of financial assets and financial liabilities must be estimated for recognition and disclosure purposes. The nominal value less estimated credit adjustment of trade receivables and payables are assumed to approximate their fair values. The fair values of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rates that is available for similar financial instruments.

### **Impairment**

A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

## Notes to the Financial Statements for the year ended 30 June 2020

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Group recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

### (c) Property and Equipment

Property and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Depreciation is calculated using the straight line method to allocate cost of assets, net of their residual values, over their estimated useful lives, as follows:

<i>Class</i>	<i>Rate</i>
Office & Computer equipment	5-33%
Renovation	20%
Motor vehicles	12.5-25%
Building	5%
Freehold land	-

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

### (d) Intangibles

#### **Intellectual Property**

Intellectual property is recognised at cost of acquisition and is amortised over the period in which its benefits are expected to be realised. The balances are reviewed annually for impairment and any balance representing future benefits for which the realisation is considered to be no longer probable are recognised in the statement of profit or loss and other comprehensive income as impairment losses.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. In relation to the amortisation of intangibles with finite useful lives, management judgements are used to determine the estimated useful lives. The estimated useful lives are as follows:

	<i>Number of years</i>
Mobile content and services	10
Software platform	5

#### **Goodwill**

The Group determines whether goodwill is impaired at least on an annual basis. This requires estimation of the recoverable amount of the cash generating units to which goodwill have been allocated. The assumption used in this estimation of recoverable amount and the amount of goodwill are discussed in Note 11.

## Notes to the Financial Statements for the year ended 30 June 2020

### ***Development Expenditure***

Research expenditure is recognised as an expense when it is incurred.

Development expenditure is recognised as an expense except that costs incurred on development projects are capitalised as non-current assets to the extent that such expenditure is expected to generate future economic benefits. Development expenditure is capitalised if, and only if an entity can demonstrate all of the following:-

- (a) its ability to measure reliably the expenditure attributable to the asset under development;
- (b) the product or process is technically and commercially feasible;
- (c) its future economic benefits are probable;
- (d) its intention to complete and the ability to use or sell the developed asset; and
- (e) the availability of adequate technical, financial and other resources to complete the asset under development.

Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses, if any. Development expenditure initially recognised as an expense is not recognised as assets in the subsequent period.

The development expenditure is amortised on a straight-line method over a period of 3 years when the products are ready for sale or use. In the event that the expected future economic benefits are no longer probable of being recovered, the development expenditure is written down to its recoverable amount.

### ***Impairment of Non-Financial Assets***

The carrying values of assets, other than those to which AASB136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

### **(e) Income Tax**

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

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

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

## Notes to the Financial Statements for the year ended 30 June 2020

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

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

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

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

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

### (f) Cash & Cash Equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of three months or less.

### (g) Revenue and other income

#### (i) Sale of Goods

Revenue is recognised upon delivery of goods and customers' acceptance and where applicable, net of sales tax, returns and trade discounts.

#### (ii) Services

Revenue is recognised upon the rendering of services and when the outcome of the transaction can be estimated reliably. In the event the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of the expenses incurred that are recoverable.

#### (iii) Revenue from Support Maintenance Services

Revenue from support maintenance services is recognised on the provision of software licensing maintenance and product enhancement services.

#### (iv) Licensing Software

Revenue is recognised when the right to use the software is granted to the buyers.

#### (v) Interest Income

Interest income is recognised on an accrual basis, based on the effective yield on the investment.

## Notes to the Financial Statements for the year ended 30 June 2020

### (h) Goods and Services Tax (GST) or Value Added Tax (VAT)

Revenues, expenses and assets (other than receivables) are recognised net of the amount of GST in Malaysia and Singapore or net of the amount of VAT in Indonesia, except where the amount of GST or VAT incurred is not recoverable from the Tax Offices of the respective jurisdictions. In these circumstances the GST or VAT is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST or VAT included. The net amount of GST or VAT recoverable from, or payable to, the Tax Offices of the respective jurisdictions is included as a current asset or liability in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST or VAT components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the Tax Offices of the respective jurisdictions are presented as operating cash flows included in receipts from customers or payments to suppliers.

### (i) Functional and Foreign Currencies

#### (i) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency. The consolidated financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

#### (ii) Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

#### (iii) Foreign Operations

Assets and liabilities of foreign operations are translated to Australian dollars at the rates of exchange ruling at the end of the reporting period. Income, expenses and other comprehensive income of foreign operations are translated at exchange rates ruling at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity; attributed to the owners of the Company and non-controlling interests, as appropriate.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign subsidiary, or a partial disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that foreign operation attributable to the owners of the Company are reclassified to profit or loss as part of the gain or loss on disposal. The portion that related to non-controlling interests is derecognised but is not reclassified to profit or loss.

## Notes to the Financial Statements for the year ended 30 June 2020

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the proportionate share of the accumulative exchange differences is reclassified to profit or loss.

In the consolidated financial statements, when settlement of an intragroup loan is neither planned nor likely to occur in the foreseeable future, the exchange differences arising from translating such monetary item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income.

### (j) Employee Benefits

The following liabilities arising in respect of employee entitlements are measured at their nominal amounts. Wages and salaries and annual leave regardless of whether they are expected to be settled within twelve months of balance date and other employee benefits which are expected to be settled within twelve months of balance date.

All other employee entitlements, including long service leave, are measured at the present value of estimated future cash outflows in respect of services provided up to balance date. Liabilities are determined after taking into consideration estimated future increases in wages and salaries and past experience regarding staff departures. Related on costs are included.

### (k) Going Concern

The financial report has been prepared on a going concern basis. This presumes that funds will be available to finance future operations and the realisation of assets and settlement of liabilities will occur in the normal course of business.

For the year ended 30 June 2020 the Group generated a loss after tax of \$2,610,228 (2019: loss \$4,698,054), as at the balance date the Group's total assets exceeded total liabilities by \$2,465,177 (2019: net assets \$4,886,828), and net cash inflows from operating activities of \$81,437.

The Directors believe that the going concern basis of accounting is appropriate due to the expected cash flows to be generated by the Group over the next twelve months. The Directors will closely monitor cash flows as the Group grows and if revenues do not increase as expected, the Directors will look to contain costs. The Directors believe that these actions, if required, will be sufficient to ensure that the company will be able to pay its debts as and when they fall due for the next twelve months.

Notwithstanding the above, the directors acknowledge that there are a number of risk factors that could materially affect the Group's future profitability and cash flows, which include, but are not limited to:

#### (i) Competition

There can be no assurance given in respect of the Group's ability to continue to compete profitably in the competitive markets in which the Group operates. The potential exists for change in the competitive environment in which the Group operates.

#### (ii) Reliance on key management

The responsibility of overseeing the day-to-day operations and strategic management of the Group is substantially dependent upon its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Group if one, or a number of, these employees cease their employment.



## Notes to the Financial Statements for the year ended 30 June 2020

### (l) New and amended accounting policies adopted by the Group and New Accounting Standards for application in future periods

As at 30 June 2020, the group has adopted all new and revised mandatory accounting standards applicable. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

#### AASB 16: *Leases* (AASB 16)

AASB 16 was issued in January 2016 and it replaces AASB 117 *Leases* and will almost result in all leases being recognised in the statement of financial position as a "right of use" (ROU) asset with a corresponding lease liability to reflect future lease payments. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the "right of use" asset and an interest expense on the recognised lease liability. There are two exemptions to this standard for lessees – lease of low value assets and short-term leases. The accounting for lessors will not significantly change with this standard and will continue to carry forward the requirements of AASB 117.

The Group has operating lease commitments for office spaces which are all less than one year. Consequently, the lease commitments of the Group are exempted under AASB 16 as short-term leases and there has been no significant impact on the Consolidated Statement of Profit or Loss and Other Comprehensive Income or Consolidated Statement of Financial Position for the 2020 financial year.

### (m) Key Estimates and Judgements

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

#### (i) Depreciation of Property and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

#### (ii) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

#### (iii) Impairment of Non-financial Assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

#### (iv) Amortisation of Development Costs

Changes in the expected level of usage and technological development could impact the economic useful lives and therefore, future amortisation charges could be revised.

## Notes to the Financial Statements for the year ended 30 June 2020

**(v) Impairment of Trade and Other Receivables**

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loan and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment loss. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

**(vi) Fair Value Estimates for Certain Financial Assets and Liabilities**

The Group carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and equity.

**(vii) Impairment of Goodwill**

Goodwill is tested for impairment annually and at other times when such indicators exists. This requires management to estimate the expected future cash flows of the cash-generating unit to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

**Note 2: Other Income**

	<b>Consolidated Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Interest received	567	1,240
Gain on foreign exchange translation	34,939	10,866
Rental income	31,113	7,847
Gain on re-measurement of financial liability, contingent consideration	-	673,544
Other miscellaneous income	57,387	2,090
	<u>124,006</u>	<u>695,587</u>

**Note 3: Income Tax Expense**

Prima facie tax expense/(income) on profit/(loss) before tax calculated at 27.5% (2019: 27.5%)	(666,680)	(1,265,013)
Tax effects of:		
Difference in overseas tax rates	198,468	49,122
Non-taxable income	(113,460)	(210,889)
Non-deductible expenses	187,356	924,906
Changes in unrecognised temporary difference	-	(144)
Deferred tax asset not recognised during the financial year	394,229	502,018
Movement of deferred tax liability	-	(457,300)
Movement of deferred tax asset	77,542	-
Under/(over) provision of current tax in the previous financial year	32,676	11,214
Withholding tax credit written off	75,804	544,100
Income tax expense	<u>185,935</u>	<u>98,014</u>

Where applicable, grants and tax concessions are accrued in the year in which they are receivable.

Potential deferred tax asset attributable to unused tax losses, amounting to \$1,280,960 (2019: \$901,807) have not been brought to account because Directors do not believe it is appropriate to regard realisation of the deferred tax as probable. These benefits will only be obtained if:

- (a) the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deduction of the loss to be realised;
- (b) the Company continues to comply with the conditions for deductibility imposed by law; and
- (c) no changes in tax legislation adversely affect the Company in realising the benefit from the deduction for the loss.

#### **Dividend imputation**

The balance of the franking account of the Company at the end of the year was nil. No dividends were paid during the year.

#### **Note 4: Auditor's Remuneration**

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	<b>Consolidated Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Audit Services</b>		
Auditing or reviewing the financial reports:		
- Group auditor	56,665	56,664
- Other auditors	36,679	34,509
	<hr/>	<hr/>
<b>(b) Non Audit Services</b>		
- Group auditor		
- Tax compliance services	1,100	1,100
- Other auditor		
- Others	-	5,204
	<hr/>	<hr/>

#### **Note 5: Dividends**

No dividends were paid or proposed during the financial year.

## Notes to the Financial Statements for the year ended 30 June 2020

**Note 6: Earnings per Share****Overall Operations**

Loss per share (cents per share)

- Basic	(1.37)	(2.56)
- Diluted	(1.37)	(2.56)

Loss used in the calculation of basic EPS (\$)

(2,610,228)	(4,698,054)
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Weighted average number of shares outstanding during the year used in calculations of basic earnings per share

190,157,773	183,655,041
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Dilutive effect of options outstanding

-	-
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Weighted average number of shares outstanding during the year used in calculations of diluted earnings per share

190,157,773	183,655,041
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Information on options outstanding at the balance sheet date can be found in Note 13.

**Note 7: Cash and Cash Equivalents****Consolidated Group**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Cash at bank	558,079	559,473
Cash in hand	9,541	38,775
Fixed deposits	10,443	10,535
	<u>578,063</u>	<u>608,783</u>

**Reconciliation of cash**

Cash and cash equivalents at the end of the financial year as shown in the Statement of Cash Flows

578,063	608,783
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**Note 8: Trade and Other Receivables**

Trade receivables	1,197,917	1,459,667
Other receivables	416,853	82,371
Amount owing by a related party	-	24,322
Prepayments	75,717	61,749
Deposits	39,953	24,135
Tax refundable	17,447	19,727
	<u>1,747,887</u>	<u>1,671,971</u>

## Notes to the Financial Statements for the year ended 30 June 2020

### Note 9: Interest in Subsidiaries

#### Information about Principal Subsidiaries

The subsidiaries listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by the Group. Each subsidiary's principal place of business is also its country of incorporation.

Name of Subsidiary	Country of Incorporation	Ownership Interest Held by the Group	
		2020	2019
iSentric Wireless Sdn. Bhd.	Malaysia	100%	100%
Datamorph Services Sdn. Bhd.	Malaysia	100%	100%
PT Isentric Technology Indonesia	Indonesia	100%	100%
Arte Mobile Technology Pte. Ltd.	Singapore	100%	100%
iSentric Australia Pty. Ltd	Australia	100%	100%
My Play Company Limited	Myanmar	100%	100%

#### Significant Restrictions

There are no significant restrictions over the Group's ability to access or use assets, and settle liabilities, of the Group.

### Note 10: Property and Equipment

	Consolidated Group	
	2020 \$	2019 \$
<b>Cost</b>		
Opening Balance	1,352,946	1,216,976
Additions	69,785	58,329
Written off	(10,355)	(9,273)
Disposals	(655,642)	-
Effect of movement in exchange rate	(12,197)	86,914
Closing Balance	744,537	1,352,946
<b>Accumulated depreciation</b>		
Opening Balance	580,082	427,328
Depreciation for the year	97,230	109,852
Written off	(294)	-
Disposals	(13,324)	-
Effect of movement in exchange rate	(54,610)	42,902
Closing Balance	609,084	580,082
<b>Total plant and equipment</b>	<b>135,453</b>	<b>772,864</b>

## Notes to the Financial Statements for the year ended 30 June 2020

## Note 11: Intangible Assets

## 2020 Consolidated Group

	Product Development Expenditure	Intellectual Properties	Goodwill	Customer Relationship	Total
	\$	\$	\$	\$	\$
<b>At 30 June 2020</b>					
Cost	660,447	3,625,791	16,479,809	-	20,766,047
Accumulated amortisation and impairment	(633,508)	(3,077,990)	(14,916,020)	-	(18,627,518)
Net book amount	26,939	547,801	1,563,789	-	2,138,529
<b>Movement</b>					
Opening balance 1 July 2019	44,193	1,522,247	1,563,789	-	3,130,229
Additions	19,856	276,421	-	-	296,277
Amortisation charge	(11,403)	(550,763)	-	-	(562,166)
Impairment/Write off	(30,251)	(708,902)	-	-	(739,153)
Effect of movement in exchange rate	4,544	8,798	-	-	13,342
Closing balance 30 June 2020	26,939	547,801	1,563,789	-	2,138,529

## 2019 Consolidated Group

## At 30 June 2019

Cost	669,872	5,239,330	16,479,809	298,000	22,687,011
Accumulated amortisation and impairment	(625,679)	(3,717,083)	(14,916,020)	(298,000)	(19,556,782)
Net book amount	44,193	1,522,247	1,563,789	-	3,130,229

## Movement

Opening balance 1 July 2018	317,822	3,293,089	3,478,126	253,300	7,342,337
Additions	29,576	239,222	-	-	268,798
Amortisation charge	(10,416)	(896,517)	-	(59,600)	(966,533)
Impairment/Write off	(297,272)	(1,205,100)	(1,915,003)	(193,700)	(3,611,075)
Effect of movement in exchange rate	4,483	91,553	666	-	96,702
Closing balance 30 June 2019	44,193	1,522,247	1,563,789	-	3,130,229

## Notes to the Financial Statements for the year ended 30 June 2020

### Goodwill impairment tests

#### Description of the cash generating units and other information

Goodwill acquired through business combinations has been allocated to three cash generating units (CGUs) for impairment testing.

The aggregate carrying amounts of goodwill allocated to CGUs are as follows:

	Consolidated Group	
	2020	2019
	\$	\$
Arte Mobile Technology	1,563,789	1,563,789
	<u>1,563,789</u>	<u>1,563,789</u>

The annual impairment test undertaken at 30 June 2020 involved determining the recoverable amount of each CGU based on their fair value less cost to sell and comparing it to the CGU's carrying amount. Fair value reflects the best estimate of the amount that an independent third party would pay to purchase the CGUs, less related selling costs. Carrying value reflects goodwill and the other identifiable assets and liabilities that can be allocated to each CGU and that generate the CGU's cash flows.

The directors used management's internal assessment as the basis for determining the fair value less costs to sell. Fair value has been calculated using discounted future cash flows. The fair value measurement was categorised as a Level 3 fair value based on the inputs in the valuation technique used. Discounted cash flows include a terminal value calculated in accordance with the Gordon Growth model using a long term nominal inflation rate of 5%.

The valuation is based on cash flow projections over a five year period using assumptions that represent management's best estimate of the range of business and economic conditions at this time. The valuations have been reviewed and approved by the Board of iSentric.

Discount rates are calculated using a weighted average cost of capital method which is based on market data, reflects the time value of money and includes a risk premium to account for current economic conditions.

The pre-tax discount rates applied to the undiscounted cash flows were 20.5%-22.5% for Arte Mobile Technology and Datamorph. Management consider that, as all CGUs operate in the Digital Media Industry in Malaysia and Indonesia and provide equivalent products and services in the same markets, the risk specific to each unit are comparable and therefore a discount rate of 20.5%-22.5% is applicable to Arte Mobile Technology and Datamorph. While the pre-tax discount rates applied to the undiscounted cash flows for My Play were 30.0%-35.0%.

Based on the results of the tests undertaken, no impairment was recognised in relation to goodwill of all CGUs in the 2020 financial year (2019: \$1,915,003).

## Notes to the Financial Statements for the year ended 30 June 2020

**Note 12: Trade and Other Payables**

	<b>Consolidated Group</b>	
	<b>2020</b>	<b>2019</b>
<b>Current</b>	<b>\$</b>	<b>\$</b>
Trade payables	1,305,662	768,135
Other payables	672,847	299,428
Amount owing to a director	35,633	39,406
Amount owing to a related party	-	103,694
Accruals	70,292	117,585
Tax payable	50,321	44,623
	<u>2,134,755</u>	<u>1,372,871</u>

**Note 13: Contributed Equity**

	<b>Consolidated Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
203,655,041 (2019: 183,655,041) fully paid ordinary shares	<u>21,164,032</u>	<u>20,966,750</u>

**(a) Ordinary shares - value**

At the beginning of the reporting period	20,966,750	20,966,750
Add: Shares issued	200,000	-
Less: Cost related to shares issued	(2,718)	-
Balance at end of reporting period	<u>21,164,032</u>	<u>20,966,750</u>

**(b) Ordinary shares - number**

	<b>No.</b>	<b>No.</b>
At the beginning of the reporting period	183,655,041	183,655,041
Add: Shares issued	20,000,000	-
Balance at end of reporting period	<u>203,655,041</u>	<u>183,655,041</u>

**Ordinary shares**

Ordinary shares participate in dividends and the proceeds on winding up of the Consolidated Entity in proportion to the number of shares held. At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

**Options**

No options were issued during the year. The balance of options as at 30 June 2020 is nil (2019: nil).



**Note 14: Segment Reporting**

**Identification of reportable segments**

iSentric Limited has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

**Basis of accounting for purposes of reporting by operating segments**

**(a) Accounting policies adopted**

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision makers with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

**(b) Inter segment transactions**

Segment revenues, expenses and results include inter-segment transfers between segments. The prices charged on inter-segment transactions are the same as those charged for similar goods to parties outside of the consolidated group at arm's length. These transfers are eliminated on consolidation.

**(c) Segment assets**

Assets include all assets used by a segment and consist principally of cash, receivables, intangibles and property, plant and equipment, net of allowances and accumulated depreciation and amortisation. While most such assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis.

**(d) Segment liabilities**

Liabilities consist principally of accounts payable, employee entitlements, accrued expenses and provisions.

	Malaysia \$	Singapore \$	Australia \$	Indonesia \$	Myanmar \$	Consolidation Adjustment \$	Consolidated Group \$
<b>2020</b>							
<b>REVENUE</b>							
External sales	5,017,701	332,232	-	897,256	324,074	(180,976)	6,390,287
Interest revenue	283	71	-	132	81	-	567
Other income	23,406	52,042	38,391	12,920	5,920	(9,240)	123,439
<b>Total revenue</b>	<b>5,041,390</b>	<b>384,345</b>	<b>38,391</b>	<b>910,308</b>	<b>330,075</b>	<b>(190,216)</b>	<b>6,514,293</b>
 Expenses	 (5,641,411)	 (1,737,966)	 (284,820)	 (970,614)	 (395,940)	 92,165	 (8,938,586)
<b>Profit / (loss) before income tax expense</b>	<b>(600,021)</b>	<b>(1,353,621)</b>	<b>(246,429)</b>	<b>(60,306)</b>	<b>(65,865)</b>	<b>(98,051)</b>	<b>(2,424,293)</b>
Income tax expense	(59)	(167,102)	-	(18,774)	-	-	(185,935)
<b>Profit / (loss) after income tax expense</b>	<b>(600,080)</b>	<b>(1,520,723)</b>	<b>(246,429)</b>	<b>(79,080)</b>	<b>(65,865)</b>	<b>(98,051)</b>	<b>(2,610,228)</b>
 <b>ASSETS</b>							
Total assets	2,636,912	5,326,066	15,304,473	489,933	180,165	(19,337,617)	4,599,932
 <b>LIABILITIES</b>							
Total liabilities	2,058,479	43,569	3,953,949	1,522,713	213,848	(5,657,803)	2,134,755

## Notes to the Financial Statements for the year ended 30 June 2020

	Malaysia \$	Singapore \$	Australia \$	Indonesia \$	Myanmar \$	Consolidation Adjustment \$	Consolidated Group \$
<b>2019</b>							
<b>REVENUE</b>							
External sales	4,555,532	1,094,604	-	791,475	347,562	(189,262)	6,599,911
Interest revenue	630	103	-	170	337	-	1,240
Other income	4,966	161,492	673,544	7,741	-	(153,396)	694,347
Total revenue	4,561,128	1,256,199	673,544	799,386	347,899	(342,658)	7,295,498
<b>Expenses</b>	(5,697,086)	(1,284,327)	(3,777,212)	(1,207,632)	(475,349)	546,068	(11,895,538)
<b>Profit / (loss) before income tax expense</b>	<b>(1,135,958)</b>	<b>(28,128)</b>	<b>(3,103,668)</b>	<b>(408,246)</b>	<b>(127,450)</b>	<b>203,410</b>	<b>(4,600,040)</b>
Income tax expense	(119)	(555,167)	-	(28)	-	457,300	(98,014)
<b>Profit / (loss) after income tax expense</b>	<b>(1,136,077)</b>	<b>(583,295)</b>	<b>(3,103,668)</b>	<b>(408,274)</b>	<b>(127,450)</b>	<b>660,710</b>	<b>(4,698,054)</b>
<b>ASSETS</b>							
Total assets	2,564,842	6,845,353	15,207,287	886,396	172,954	(19,417,133)	6,259,699
<b>LIABILITIES</b>							
Total liabilities	1,843,706	28,624	3,807,616	1,617,099	141,452	(6,065,626)	1,372,871

**Note 15: Financial Risk Management**

The Group's financial instruments consist mainly of deposits with banks, trade and other receivables, trade and other payables, loans to and from related parties.

The totals for each category of financial instruments, measured in accordance with AASB 139: *Financial Instruments: Recognition and Measurement* as detailed in the accounting policies to these financial statements, are as follows:

	<b>Consolidated Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>Financial Assets</b>		
Cash and cash equivalents	578,063	608,783
Trade receivables	1,197,917	1,459,667
Other receivables	186,102	82,371
Amount owing by a related party	323,915	24,322
Deposits	39,953	24,135
<b>Total</b>	<b>2,325,950</b>	<b>2,199,278</b>
<b>Financial Liabilities</b>		
Trade payables	1,305,662	768,135
Other payables	723,168	299,428
Amount owing to a director	35,633	39,406
Amount owing to a related party	-	103,694
Accruals	70,292	117,585
<b>Total</b>	<b>2,134,755</b>	<b>1,328,248</b>

## Notes to the Financial Statements for the year ended 30 June 2020

### (a) General objectives, policies and processes

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Group's risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the Group where such impacts may be material. The board receives monthly financial reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility.

### (b) Credit risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Group incurring a financial loss. This usually occurs when the debtors or counterparties to derivative contracts fail to settle their obligations owing to the Group.

The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis.

The group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables as appropriate. The main components of this allowance are specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior year experience and the current economic environment.

#### (i) Credit risk concentration profile

As at the end of the financial year, the Group has significant concentration of credit risk related to the amount owing by 5 customers (2019 – five customers) which constituted approximately 64% (2019 – 61%) of total trade receivables.

#### (ii) Exposure to credit risk

At the end of the financial year, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group after deducting any allowance for impairment (where applicable).

#### (iii) Ageing analysis

The ageing of trade receivables at the reporting date is as follows:

	2020	2019
	\$	\$
Not past due	726,899	1,002,791
Past due 0 – 30 days	176,628	323,380
Past due 31 – 60 days	28,029	43,903
Past due 61 – 90 days	29,949	45,486
Over 90 days	236,412	68,428
<b>Total</b>	<b>1,197,917</b>	<b>1,483,988</b>

## Notes to the Financial Statements for the year ended 30 June 2020

At the end of the financial year, trade receivables that are individually impaired were those with significant financial difficulties and have defaulted on payments. The receivables are not secured by any collateral or credit enhancement.

The Group believes that no additional impairment allowance is necessary in respect of trade receivables that are past due but not impaired because they are companies with good collection track record and no recent history of default.

### (c) Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulties raising funds to meet commitments associated with financial instruments, e.g. borrowing repayments. The Board of Directors manage liquidity risk by continually monitoring forecast cash flows and generating when required additional capital funding as necessary. It is noted that the Group does not have any borrowing facilities.

The following maturity analysis is done on a contractual undiscounted cash flow basis:

#### Maturity Analysis - Consolidated Group

Financial liabilities	Carrying Amount \$	Contractual Cash flows \$	Within 1 year \$
<b>2020</b>			
Trade payables	1,305,662	1,305,662	1,305,662
Other payables	723,168	723,168	723,168
Amount payable to a director	35,633	35,633	35,633
Amount owing to a related party	-	-	-
Accruals	70,292	70,292	70,292
<b>2019</b>			
Trade payables	768,135	768,135	768,135
Other payables	299,428	299,428	299,428
Amount payable to a director	39,406	39,406	39,406
Amount owing to a related party	103,694	103,694	103,694
Accruals	117,585	117,585	117,585

The fair value of the current trade and other payables approximates their carrying values.

### (d) Market rate risk

Market rate risk arises from the use of interest bearing and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk) or foreign exchange rates (currency risk). The Company and Group are not subject to other price risk on its financial instruments.

#### (i) Interest rate risk

The Group does not have any interest-bearing borrowings and hence is not exposed to interest rate risk. Any surplus funds of the Group will be placed with licensed financial institutions to generate income.

#### (ii) Currency risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in foreign currencies for the financial year ended 30 June 2020. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Australian Dollar ("AUD"), Euro ("Euro"), Malaysian Ringgit ("MYR"), Indonesian Rupiah ("IDR") and Singapore Dollar ("SGD"). Foreign currency risk is monitored closely on an on-going basis to ensure that the net exposure is at an acceptable level.

## Notes to the Financial Statements for the year ended 30 June 2020

## Foreign currency exposure:

2020	USD AUD	EUR AUD	AUD AUD	SGD AUD	IDR AUD	MYR AUD	MMK AUD	Total AUD
<b>Financial asset</b>								
Trade and other receivables	-	-	43,595	498,736	-	1,180,198	25,358	1,747,887
Cash and cash equivalents	13,684	487	115,678	73,284	28,131	337,834	8,965	578,063
<b>Financial liability</b>								
Trade and other payables	-	-	(81,242)	(43,569)	-	(1,796,096)	(213,848)	(2,134,755)
<b>Net currency exposure</b>	<b>13,684</b>	<b>487</b>	<b>78,031</b>	<b>528,451</b>	<b>28,131</b>	<b>(278,064)</b>	<b>(179,525)</b>	<b>191,195</b>
2019	USD AUD	EUR AUD	AUD AUD	SGD AUD	IDR AUD	MYR AUD	MMK AUD	Total AUD
<b>Financial asset</b>								
Trade and other receivables	-	-	3,006	585,285	570,787	411,523	19,894	1,590,495
Cash and cash equivalents	14,350	506	50,434	237,533	16,694	246,567	42,699	608,783
<b>Financial liability</b>								
Trade and other payables	-	-	(34,188)	(28,616)	(21,805)	(1,146,802)	(96,837)	(1,328,248)
<b>Net currency exposure</b>	<b>14,350</b>	<b>506</b>	<b>19,252</b>	<b>794,202</b>	<b>565,676</b>	<b>(488,712)</b>	<b>(32,244)</b>	<b>871,030</b>

## Foreign currency sensitivity analysis:

The following table details the sensitivity analysis to a reasonable possible change in the foreign currencies at the end of the financial year, with all other variables held constant:

	2020 Increase/(Decrease) AUD	2019 Increase/(Decrease) AUD
<b>USD:</b>		
- strengthen by 10%	1,368	1,435
- weakened by 10%	(1,368)	(1,435)
<b>EUR:</b>		
- strengthen by 10%	49	51
- weakened by 10%	(49)	(51)
<b>AUD:</b>		
- strengthen by 10%	7,803	1,925
- weakened by 10%	(7,803)	(1,925)
<b>SGD:</b>		
- strengthen by 10%	52,845	79,420
- weakened by 10%	(52,845)	(79,420)
<b>IDR:</b>		
- strengthen by 10%	2,813	56,568
- weakened by 10%	(2,813)	(56,568)

## Notes to the Financial Statements for the year ended 30 June 2020

**MYR:**

- strengthen by 10%	(27,806)	(48,871)
- weakened by 10%	27,806	48,871

**MMK:**

- strengthen by 10%	(17,952)	(3,424)
- weakened by 10%	17,952	3,424

**(e) Fair values of financial assets and liabilities**

At the end of the reporting period, there were no financial instruments carried at fair values in the statements of financial position except as disclosed in Note 16.

The fair values of the financial assets and liabilities of the Group which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

**(f) Capital Management**

The Board endeavours to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

**Note 16: Fair value measurements**

The Group measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

- obligation for contingent consideration arising from a business combination

The Group does not subsequently measure any liabilities at fair value on a non-recurring basis.

**Fair Value Hierarchy**

For financial reporting purposes, the fair value measurements are analysed into one of the three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

## Notes to the Financial Statements for the year ended 30 June 2020

**Valuation techniques**

The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

- *Market approach* uses prices and other relevant information generated by market transactions for identical or similar assets or liabilities;
- *Income approach* converts estimated future cash flows or income and expenses into a single discounted present value;
- *Cost approach* reflects the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

**Note 17: Notes to the Statements of Cash Flows****(a) Reconciliation of Cash Flow from Operations with profit/(loss) after income tax**

	<b>Consolidated Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax	(2,610,228)	(4,698,054)
<i>Non-cash flows in loss for the year:</i>		
Depreciation and amortisation	659,396	1,076,385
Impairment loss on goodwill	-	1,915,003
Bad debts written off	18,540	84,144
Loss on sale of fixed assets	255,231	-
Property and equipment written off	-	9,273
Product development expenditure written off	739,153	297,272
Intellectual property written off	-	1,205,100
Customer relationships written off	-	193,700
Gain on re-measurement of financial liability, contingent consideration	-	(673,544)
Reversal of deferred tax (asset)/liability	(75,852)	(457,300)
Unrealised loss/(gain) on foreign exchange	86,364	165,130
Sub total	(927,396)	(882,891)
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	261,750	1,018,605
Increase/(decrease) in trade and other payables	749,801	(356,047)
Effect of exchange rate changes	(2,718)	(32,337)
Net cash (outflow)/inflow from operating activities	81,437	(252,670)

**(b) Non-cash Financing and Investing Activities****Securities issued on acquisition**

No securities were issued during the financial year.

## Notes to the Financial Statements for the year ended 30 June 2020

**Note 18: Key Management Personnel****(i) Details of Key Management Personnel**

<b>Name</b>	<b>Title</b>
Kwong Yang Chong	Non-Executive Director
Lee Chin Wee	Executive Director
Raymond Hor	Non-Executive Director
Bai GuoJin	Non-Executive Director (Appointed 3 March 2020, resigned 28 September 2020)
Andrew Bristow	Non-Executive Director (Appointed 8 July 2020)
Tim Monger	Non-Executive Chairman (Resigned 8 July 2020)
Tham Jee Yeung	Group Chief Executive Officer – Terminated 31 July 2020

**(ii) Compensation of Key Management Personnel**

These remuneration disclosures are provided in the Directors' Report under Remuneration Report and designated as audited.

	<b>Consolidated Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Short term employees benefit	356,401	576,057

**(iii) Shareholdings of Key Management Personnel**

Shares held directly and indirectly in the Company:

<b>2020</b>	<b>Balance at the start of the year</b>	<b>Granted as remuneration</b>	<b>Other changes during the year</b>	<b>Balance at the end of the period</b>
<b>Direct Interest</b>				
Kwong Yang Chong	-	-	-	-
Lee Chin Wee	4,692,843	-	-	4,692,843
Raymond Hor	833,334	-	-	833,334
Tim Monger	1,000,000	-	-	1,000,000**
Tham Jee Yeung	2,066,667	-	-	2,066,667**
Bai GuoJin	10,000,000^	-	-	10,000,000**
<b>2019</b>	<b>Balance at the start of the year</b>	<b>Granted as remuneration</b>	<b>Other changes during the year</b>	<b>Balance at the end of the period</b>
<b>Direct Interest</b>				
Lee Chin Wee	4,692,843	-	-	4,692,843
Raymond Hor	833,334	-	-	833,334
Tim Monger	1,000,000	-	-	1,000,000
Tham Jee Yeung	2,066,667	-	-	2,066,667

\* By virtue of his shareholdings in Jox Holdings.

^ Held at date of appointment

\*\* As at date of resignation

All equity transactions with key management personnel, which relate to the Company's listed ordinary shares, have been entered into on an arm's length basis.

**(iv) Option holdings of Key Management Personnel**

The balance of options as at 30 June 2020 is nil (2019: nil).



**Note 19: Operating Lease Commitment**

The future minimum lease payments under the non-cancellable operating lease are as follows:

	<b>Consolidated Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Not more than one year	-	29,272
Later than one year and not later than five years	-	-
	<u>-</u>	<u>29,272</u>

**Note 20: iSentric Limited Parent Company Information**

iSentric Sdn. Bhd. was acquired by iSentric Limited on 8 September 2014. As required by Australian Accounting Standard AASB3: Business Combinations, iSentric Limited is deemed to have been acquired by iSentric Sdn. Bhd. as at 8 September 2014 under reverse acquisition rules. Accordingly, iSentric Sdn. Bhd. is the Parent Entity for accounting purposes. iSentric Limited is the legal parent.

The following information has been extracted from the books and records of the legal parent, iSentric Limited and has been prepared in accordance with Australian Accounting Standards. Accordingly the information presented below does not relate to “the Parent Entity” as defined on page 14.

	<b>Parent Entity</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>STATEMENT OF FINANCIAL POSITION</b>		
<b>ASSETS</b>		
Current Assets	159,273	62,087
Non-current assets	15,145,100	15,145,100
<b>TOTAL ASSETS</b>	<u>15,304,373</u>	<u>15,207,187</u>
<b>LIABILITIES</b>		
Current liabilities	3,953,949	3,807,616
Non-current liabilities	-	-
<b>TOTAL LIABILITIES</b>	<u>3,953,949</u>	<u>3,807,616</u>
<b>EQUITY</b>		
Contributed equity	72,368,172	72,170,890
Accumulated losses	(61,017,748)	(60,771,319)
<b>TOTAL EQUITY</b>	<u>11,350,424</u>	<u>11,399,571</u>
<b>STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>		
Net loss for the year	246,429	(3,103,668)
Other comprehensive income	-	-
<b>TOTAL COMPREHENSIVE INCOME</b>	<u>246,429</u>	<u>(3,103,668)</u>

**Parent Entity Contingencies**

The directors are of the opinion that no provisions are required in respect of the Company’s contingencies.

**Guarantees**

The Company has not entered into any guarantees, in the current or previous financial year in relation to the debts of its subsidiaries.

**Contractual Commitments**

At 30 June 2020, the Company has not entered into any contractual commitments for the acquisition of property, plant and equipment (2019: Nil).

**Note 21: Related Party Transactions**

	<b>Consolidated Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Sales received/receivable from related parties	33,451	127,338
Cost of sales paid/payable to a related party	631,270	1,320,250
Consultation fee charged by a related party	94,571	35,913
Rental income received/receivable from related parties	12,751	2,033
Purchase of intangible asset	276,421	-

The related parties are entities that have common directors.

**Note 22: Foreign Currency Translation Reserves**

The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary.

	<b>Consolidated Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Exchange differences on translation of foreign operations	522,043	530,748
Movement in foreign currency translation reserve	(8,705)	406,297

**Note 23: Subsequent Events**

The following significant events occurred subsequent 30 June 2020:

- Mr Lee Chin Wee was appointed as Interim Chairman on 8 July 2020;
- Mr Andrew Bristow joined the Board as a Non-Executive Director on 8 July 2020;
- Mr Jarrod White was appointed as Company Secretary on 8 July 2020;
- Mr Khong Kok Loong and Mr Kenneth Kuan were appointed as CEO and CFO, respectively, of the Malaysian business;
- Mr Tim Monger and Mr Gary Stewart resigned as Chairman and Company Secretary respectively on 8 July 2020;
- The consolidated group Undertook a non-underwritten Share Purchase Plan that resulted in \$2.07 million in capital being raised;
- Mr Bai GuoJin resigned as Non-Executive Director on 28 September 2020; and
- Extraordinary General Meeting held on 30 September 2020 with all resolutions passed in favour by poll.

There is no other matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated group, the results of those operations, or the state of the affairs of the consolidated group, in subsequent financial years.

**Note 24: Company Details**

The registered office of the Company is:

iSentric Limited  
Suite 305, 35 Lime Street  
Sydney NSW 2000

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 10 to 40, are in accordance with the Corporations Act 2001 and:
  - a. comply with Australian Accounting Standards which as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
  - b. give a true and fair view of the financial position as at 30 June 2020 and of the performance for the year ended on that date of the company and consolidated group;
2. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
3. the Directors have been given the declarations required by s295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer.

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



**Lee Chin Wee**  
**Executive Chairman**  
**30 September 2020**



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF iSENTRIC LIMITED

### Report on the Audit of the Financial Report

#### Opinion

We have audited the accompanying financial report of iSentric Limited (the Company) and Controlled Entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Group comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

In our opinion:

- (a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:
  - i. giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the year ended on that date; and
  - ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.
- (b) the financial report also complies with the International Financial Reporting Standards as disclosed in Note 1.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the Auditor's Responsibility section of our report. We are independent of the Group in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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



## Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our conclusion, we draw your attention to Note 1 in the financial report which indicates that the consolidated entity has experienced operating losses during the year ended 30 June 2020, and as of that date, the continuing viability of the consolidated entity and its ability to continue as a going concern and meet its debts and commitments as and when they fall due are dependent upon the consolidated entity's ability to successfully achieve positive cash flows from the groups business units and the raising of additional funds or through sale by corporate transaction. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast doubt about the consolidated entity's ability to continue as a going concern and, therefore, the consolidated entity may be unable to realise assets and settle its liabilities in the normal course of business and at the amounts stated in the financial report.

## Key Audit Matters

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

Key Audit Matter	How Our Audit Addressed the Key Audit Matter
<b>Decentralised Operations</b>	
<p>The Group comprises subsidiaries (components) whose operations are spread across Singapore, Malaysia, Indonesia and Myanmar. The Group's business is the provision of software-based mobile telecommunications and technology, and the components are wide ranging in size and also in the customers and products of each business operation.</p> <p>The decentralised and varied nature of these operations require significant oversight by iSentric's management to monitor the activities, review component financial reporting and undertake the Group consolidation.</p> <p>This was a key audit matter for us given the number of subsidiaries, varied operations and the significance of these operations to the group, and the varied accounting processes and systems used. We focused on:</p> <ul style="list-style-type: none"> <li>• Understanding the components and identifying significant risks of misstatement within them;</li> <li>• The scoping of relevant procedures consistent with the risks identified and to enable coverage of significant aggregated balances;</li> <li>• The assessment of component compliance with Group accounting policies, particularly in regard to revenue recognition and capitalisation of development costs;</li> <li>• The consolidation process and the information provided by components used for consolidation purposes.</li> </ul>	<ul style="list-style-type: none"> <li>• We instructed component audit teams to perform procedures on the financial information prepared for consolidation purposes for all components. The objective of this was to gather evidence on significant balances that aggregate to form the Group's financial reporting.</li> </ul> <p>The component audit teams performed audits of the financial information of the components and provided an opinion on component financial statements, which included notes and compliance with International Financial Reporting Standards. We worked with the component audit team to understand the components, to identify risks that are significant to the audit of the Group and to plan relevant procedures. We discussed the audits as they progressed to identify any issues, working with the components, as appropriate. We evaluated the work performed by the component audit teams for sufficiency for our overall audit purpose. We also considered the component auditors' compliance with Group's accounting policies, including revenue recognition.</p> <ul style="list-style-type: none"> <li>• We tested the financial data used, the consolidation process, for consistency with the financial data audited by component audit teams. We also assessed the consolidation process for compliance with accounting standards.</li> </ul>

### ***Impairment of Goodwill and Intangible Assets***

The impairment of goodwill and intangible assets is a key audit matter as:

- Goodwill represented \$1,563,789 of the Group's total assets of \$4,599,932 (and total Intangibles of \$2,138,529);
- The market, sector and geographic areas in which Arte Mobile Pte. Ltd (Arte Mobile "CGU") operate are subject to strong competition, changing regulatory environment and changes in habits and trends of users relating to content and product availability;
- There is a significant level of judgement when considering management's assessment of impairment.

We focused on the valuation methodology and the key inputs such as forecast cash flows, discount rates applied, forecast growth rates and risks.

- The directors used a specialist valuer to review the CGU's recoverable amount. The Independent Expert was engaged to check the impairment models for Arte Mobile. The independent expert reviewed the models for mathematical accuracy and logic errors, as well as, confirmation that the valuation approach was applied correctly.
- After discussions with the directors and management, the impairment assessment was based on the "fair value less costs of disposal".
- We assessed managements determination of the Group's CGU's based on our understanding of the nature of the CGU's business. We also referred to internal reporting of the Group to assess how results are monitored and reported.
- We compared the forecasts used to determine the recoverable amount to Board approved forecasts. We also evaluated the forecasting process undertaken by the Group assessing the precision of prior year forecast cash flows by comparing actual outcomes. We used knowledge from this evaluation to form our approach.
- We challenged managements forecast cash flows based on our understanding of general geographic and market trends, growth rates and various risks. This included investigating market growth through enquiry with management and external sources.

We agreed that the value (as reviewed by the Independent Valuer), adopted by the Board of Directors, is reasonable, and that based on the impairment models, impairment in the current period is reasonable.



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## Going Concern

Following operating losses and cash flow deficits, there is a heightened degree of judgement as to the group's ability to continue as a going concern through the assessment period. Accordingly, we considered the appropriateness of the going concern assumption, the question as to whether there is a material uncertainty and the adequacy of management's disclosure to be a key risk.

We have challenged the key assumptions in management's forecast cash flows for the next 12 months (base case and downside possibilities) by:

- comparing the cash flow forecasts with the Board approved budget, and obtaining explanations for any significant differences;
- assessing the planned levels of operating and capital expenditure for consistency with our knowledge of the Group's future commitments and results, particularly in light of loss making operations, and our understanding of business, industry and economic conditions of the Group;
- reading Directors' minutes to understand the Groups ability to raise additional funds
- assessing the historical accuracy of forecasts prepared by management;
- testing the mechanical accuracy of the model used;
- performing stress tests for a range of reasonably possible scenarios on management's cash flow for the going concern period;
- challenging management's plans for mitigating any identified exposures, obtain additional sources of Financing; and
- considering whether the disclosures relating to going concern referred to in the basis of preparation section of the accounting policies are balanced, proportionate and clear.

We have determined that there are material uncertainties that may cast significant doubt on the group's ability to continue as a going concern. Our concerns and reference to managements responses and proposed actions in regard to Going Concern are included in the above "Emphasis of Matter Related to Going Concern".

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## Other Information

The directors of iSentric Limited are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and the auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, the financial statements comply with *International Financial Reporting Standards*.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar2.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf). This description forms part of our auditor's report.





## Report on the Remuneration Report

### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included on pages 4 to 5 of the directors' report for the year ended 30 June 2020.

In our opinion the remuneration report of iSentric Limited for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

### *Responsibilities*

The directors of iSentric Limited are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

MNSA Pty Ltd

**Name of Firm:** MNSA Pty Ltd  
Chartered Accountants

**Name of Auditor:** Mark Schiliro

**Address:** Level 1, 283 George Street, Sydney NSW 2000

**Dated this** 30th day of September 2020

The Board is committed to operating the Company's business ethically and in a manner consistent with high standards of corporate governance.

In accordance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations: 2nd Edition (Revised Principles) (*the Principles*), the Corporate Governance Statement must contain specific information and also report on the Company's adoption of the Council's best practice recommendations on an exception basis, whereby disclosure is required of any recommendations that have not been adopted by the Company and why. The Company's corporate governance principles and policies are therefore structured with reference to the Principles, which are as follows:

- 1: Lay solid foundations for management and oversight.
- 2: Structure the board to add value.
- 3: Promote ethical and responsible decision making.
- 4: Safeguard integrity in financial reporting.
- 5: Make timely and balanced disclosure.
- 6: Respect the rights of shareholders.
- 7: Recognise and manage risk.
- 8: Remunerate fairly and responsibly.

A number of the Recommendations under the Principles recommend that certain governance documents should be made publicly available, ideally by posting such information on the company's website. All corporate governance principles and policies, regarding the Company as required by the Principles are set out in this Corporate Governance Statement.

## 1. Lay Solid Foundations for Management and Oversight

### Board members

During the 2020 financial year:

- Mr Kwong Yang Chong and Mr Tim Monger have continued as independent Non-Executive Directors.
- Mr Lee Chin Wee has continued as Executive Director and was appointed as Interim Chairman on 8 July 2020.
- Mr Raymond Hor has continued as an independent Non-Executive Director.
- Mr Bai GuoJin joined the Board as a Non-Executive Director on 3 March 2020.

Subsequent to 30 June 2020:

- Mr Tim Monger and Mr Gary Stewart resigned as Chairman and Company Secretary respectively on 8 July 2020;
- Mr Lee Chin Wee was appointed as Interim Chairman on 8 July 2020;
- Mr Andrew Bristow joined the Board as a Non-Executive Director on 8 July 2020;
- Mr Bai GuoJin resigned as Non-Executive Director on 28 September 2020.

### Roles and responsibilities of the Board and Management

The Board has adopted a formal Board charter which outlines the main corporate governance practices in place for the Company and to which both the Board and each Director are committed. The conduct of the Board is also governed by the Constitution, and where there is inconsistency with that document, the Constitution prevails to the extent of the inconsistency.

The Board has an overriding responsibility to act honestly, conscientiously and fairly, in accordance with the law, in the interests of shareholders (with a view to building sustainable value for them); employees of the Group; and other people or entities with whom the Group deals.

The Board's broad function is to chart strategy and set financial targets for the Group; monitor the implementation and execution of strategy and performance against financial targets; and appoint and oversee the performance of executive management, and generally to take an effective leadership role in relation to the Group.

Each Director is aware of both actual and potential conflicts of interest and observes that the law requires that a Director with a conflict of interest should refrain from voting, or entering into any discussion, at, or even being present during relevant Board discussions. A Director who has any material personal interest in a matter must not be present at a meeting while the matter is being considered and must not vote on the matter. A personal interest may be either direct or indirect and either pecuniary or otherwise. Papers relevant to any matter on which there is a known conflict of interest, or in relation to which there is a material personal interest, will not be provided to any Director concerned.

#### Guide to Reporting on Principle 1

In accordance with the 'Guide to Reporting on Principle 1', the Company provides the following information:

- (a) as at the date of this statement, the Company is of the view that it has complied with Recommendation 1.1; and
- (b) the Company did not undertake a performance evaluation for its executives and Directors during the financial year in accordance with the process set out in Recommendation 1.2. As a consequence of the level of the Company's operations the Company did not undertake a formal evaluation of the performance of the Board, individual Directors and key executives.

## **2. Structure the Board to Add Value**

#### Board composition – independence, experience and expertise

The Board comprises five Directors, four of whom are Non-Executive and meet the Board's criteria to be considered independent.

During the 2020 financial year, the independent Non-Executive Chairman, Mr Tim Monger, was responsible for leadership of the Board and for the efficient organisation and conduct of the Board. He facilitated the contribution by all Directors and promoted constructive and respectful relations between Directors.

Mr Monger, was considered by the Board to be an independent Non-Executive Director to his resignation on 8 July 2020. The Board will appoint a replacement Chairperson in due course.

The Board has other responsibilities imposed by law. These include responsibility for the composition of the Board including appointment and retirement or removal of Directors; oversight of the Group including control and accountability systems; appointing and removing the Chief Executive Officer or equivalent; where appropriate, ratifying the appointment and the removal of Senior Executives; reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct, and legal compliance; monitoring Senior Executive's implementation of strategy, and ensuring appropriate resources are available; approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and sales; approving and monitoring financial and other reporting; performance of investment and treasury functions; monitoring industry developments relevant to the Group and its business; developing suitable key indicators of financial performance for the Group and its business; having input in and granting final approval of corporate strategy and performance objectives developed by management; the overall corporate governance of the Group including its strategic direction and goals for management, and monitoring the achievement of these goals; and oversight of Committees.

#### Access to information and independent professional advice

Each Director may seek independent legal or other professional advice at the Company's expense. Prior approval from the Chairman is required but may not be unreasonably withheld or delayed.

#### Committees of the Board

The Board has the authority to establish and delegate powers to committees to assist the Board on audit matters, finance and business risks, remuneration, and nominations, and to establish a framework for the effective and efficient management of the Company and the Group.

During the 2020 financial year, the established Board committee was Audit and Remuneration and in respect of other committees, the Board as a whole attended to the usual functions of such committees. Given the size and operations of the Company it has been determined that issues falling ordinarily within the scope of a Nominations Committee are considered by the full Board and there is no Nominations Committee. The Company has however, established charter rules for the Nominations Committee as a guide for the Board in its deliberations, and in the event that a Committee is established at some time in the future if and when considered appropriate by the Board.

#### Board Assessments

The performance of the Directors was not formally reviewed and assessed by the Board during the 2020 financial year due to the Board restructure during the period and there being only one executive Director.

#### Guide to Reporting on Principle 2

In accordance with the 'Guide to Reporting on Principle 2, the Company provides the following information:

- (a) The skills, experience, expertise relevant to the position of Director and the term of office held by each Director as at 30 June 2020 and as at the date of this statement is detailed in the Director's Report;
- (b) In assessing whether a Director is independent, the Board has regard to the standards it has adopted that reflect the independence requirements of applicable laws, rules and regulations, including the Principles;
- (c) Three out of four Directors as at the date of this statement constitute independent Directors;
- (d) The Company currently has a Group chief executive officer;
- (e) From 1 July 2015 to the date of this statement, the role of chair and chief executive officer have not been exercised by the same person;
- (f) Whenever necessary, individual members of the Board may seek independent professional advice at the expense of the Company in relation to fulfilling their duties as Directors. All Directors are encouraged to actively participate in all decision making processes and are given every opportunity to have their opinion heard and respected on all matters;
- (g) Due to the small size of the Board and the level of the Company's operations, during the 2020 financial year the Company did not have a separate nomination committee;
- (h) The performance of the Board, individual Directors and the executives has not taken place during the reporting period due to the level of the Company's operations;
- (i) As at the date of this statement, the Company is of the view that it has complied with Recommendations 2.1, 2.2 and 2.3, but has not complied with Recommendations 2.4 and 2.5. An explanation for the departures from these Recommendations is set out above.

### **3. Promote Ethical and Responsible Decision-making**

#### Ethical standards and values

The Board has adopted a Code of Conduct that provides a framework in which the Company and its representatives conduct their business and activities in a fiscally efficient and socially responsible manner whilst seeking to maximize shareholder returns. All Directors and all officers of the Company and each other company in the Group are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company and the Group and, where possible, act in accordance with the interests of shareholders, staff, clients and all other stakeholders in the Company.

Share trading policy

The Constitution permits Directors to acquire securities. Company policy prohibits any dealing in, or procuring the dealing in securities, except where the trading is permitted. Trading is permitted in securities during a four week period starting immediately after the announcement to the ASX and ASIC of the half yearly and annual results and after the conclusion of the AGM if:

- (a) the trader is not in possession of price sensitive information; and
- (b) the trading is not for short term or speculative gain.

No trader can sell more than \$100,000 worth of securities to any party unless, before entering into discussions for the potential sale of those securities, approval from the Chairman is obtained, covering the form of and timing of the sale, and the management of its public disclosure.

Guide to Reporting on Principle 3

The 'Guide to Reporting on Principle 3' provides that certain information should be included in the corporate governance section of the Company's Annual Report or be made publicly available. The Company will make the Code of Conduct or Trading Policy publicly available at the Company website.

**4. Safeguard Integrity in Financial Reporting**

Audit Committee

The Company has previously established an Audit Committee to assist and to report to the Board. The role of the Audit Committee was to:

- (a) advise on the establishment and maintenance of a framework of internal controls and appropriate ethical standards for the management of the Group;
- (b) assist the Board with policy on the quality and reliability of financial information prepared for use by the Board; and
- (c) review the risk management framework and policies within the Company and monitor their implementation.

During the 2020 financial year the Audit Committee comprised of three independent Directors, being Mr Tim Monger, Mr Kwong Yang Chong and Mr Raymond Hor. The Audit Committee meet twice during the financial year.

Accordingly, it is the Board's responsibility to establish and maintain an effective internal control framework to examine the effectiveness and efficiency of the management of the Company and significant business processes such as the safeguarding of assets, the maintenance of proper accounting records and the integrity of financial information, the implementation of quality assurance practices and procedures and ensuring compliance with environmental regulations.

During this period audit and compliance matters were considered by the Board as appropriate.

Guide to Reporting on Principle 4

The 'Guide to Reporting on Principle 4' provides that certain information should be included in the corporate governance section of the Company's Annual Report. In accordance with the 'Guide to Reporting on Principle 4, the Company provides the following information:

- (a) The qualifications of the ARM Committee members during the 2020 financial year are detailed in the Directors report; and
- (b) Two meetings of the ARM Committee took place during the 2020 financial year. During the 2020 financial year, audit and compliance matters were considered during Board meetings as appropriate.

**5. Make Timely and Balanced Disclosure**

Continuous disclosure

The Company's continuous disclosure obligations are reviewed as a standing item on the agenda for each regular meeting of the Board. Directors are required at every meeting to provide details of any matter within their knowledge that might require disclosure to the market.

The Chairman is primarily responsible for making decisions about whether a matter must be disclosed under the Company's continuous disclosure obligations; ensuring that the Company complies with those obligations; notifying the Board of such matters; monitoring and promoting an understanding within the Company of compliance; acting as the contact for media and comment, including analyst briefings and responses to shareholder questions; and keeping the Board informed of other relevant matters.

Guide to Reporting on Principle 5

The 'Guide to Reporting on Principle 5' provides that certain information should be included in the corporate governance section of the Company's Annual Report or be made publicly available. The Company will make the Code of Conduct publicly available on the Company website.

**6. Respect the Rights of Shareholders**

Communication policy

The Board must inform Shareholders of all major developments affecting the Group's state of affairs. The annual report is distributed to all Shareholders (where requested to do so) and will include all relevant information about the operations of the Group during the year, changes in the state of affairs of the Group, and details of future developments in addition to the other disclosures required by the Corporations Act.

Company announcements are made in a factual, timely, clear, and objective manner, and include any information material to decisions of Shareholders and potential investors in the Company. Information concerning the Company and the Group, including copies of announcements made through the ASX, ASIC and the annual report and half yearly report, is made available to Shareholders and prospective investors by the Company. The Company has a continuing commitment to electronic communication with Shareholders and stakeholders generally including through the ASX website.

Directors must recognise that their primary responsibility is to Shareholders as a whole however, the Company must function within, and operate with a sense of responsibility to, the wider community as well as to Shareholders. It is the Company's belief that this sense of responsibility to stakeholders generally is an essential part of its role within the broad community and represents not only sound ethics but also good business sense and commercial practice.

General Meetings

The Shareholders in General Meeting vote on proposed major changes in the Group which may impact on share ownership rights and the removal and appointment of Directors.

The Board encourages the full participation of Shareholders at General Meetings to ensure a high level of accountability and identification with the Group's strategy and goals. As part of this broad responsibility the Company welcomes constructive feedback on its contribution to and role within the community at General Meetings and through the ASX website.

Guide to Reporting on Principle 6

The 'Guide to Reporting on Principle 6' provides that certain information should be included in the corporate governance section of the Company's Annual Report or be made publicly available. The

**7. Recognise and Manage Risk**

Audit, Risk and Compliance Committee

The Audit, Risk and Compliance Committee has a documented charter, approved by the board. The committee advises on the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of the group.

The Group chief executive officer and the chief financial officer are invited to Risk and Compliance Committee meetings and the external auditors are invited to the Audit Committee meetings at the discretion of the committee.

The responsibilities of the Board, Audit, Risk and Compliance Committee include reporting to the board on:

- reviewing the annual and half-year financial reports and other financial information distributed externally; this includes approving new accounting policies to ensure compliance with Australian Accounting Standards and generally accepted accounting principles, and assessing whether the financial information is adequate for shareholder needs;
- assessing management processes supporting external reporting;
- assessing corporate risk assessment processes;
- establishing procedures for selecting, appointing and, if necessary, removing the external auditor;
- monitoring the procedures to ensure compliance with the Corporations Act 2001 and the ASX Listing Rules and all other regulatory requirements; and
- addressing any matters outstanding with auditors, Taxation Office, Australian Securities and Investment Commission, ASX and financial institutions.

The Audit reviews the performance of the external auditors on an annual basis and meets with them during the year to:

- discuss the external audit plan, identifying any significant changes in structure, operations, internal controls or accounting policies likely to affect the financial statements, and to review the fees proposed for the audit work to be performed;
- review the half-year and preliminary final report prior to lodgement with the ASX, and any significant adjustments required as a result of the auditor's findings, and to recommend board approval of these documents prior to announcement of results;
- review the results and findings of the auditor, the adequacy of accounting and financial controls, and monitor the implementation of any recommendations made; and
- as required, organize, review and report on any special reviews or investigations deemed necessary by the board.

The Audit, Risk and Compliance Committee's charter is available on the Company's website.

Risk Management

Material business risks arise from such matters as actions by competitors, government policy changes, the impact of exchange rate movements on the price of raw materials and sales, difficulties in sourcing raw materials, occupational health and safety, financial reporting and the purchase, development and use of information systems.



Oversight of the risk management system

The board has in place a number of arrangements and internal controls intended to identify and manage areas of significant business risk. These include the establishment of committees, regular budget, financial and management reporting, established organizational structures, procedures, manuals and policies, external financial audits, insurance programmes and the retention of specialized staff and external advisers.

The Board Audit Committee considers risk management in order to ensure risks are identified, assessed and appropriately managed. The committee reports to the board on these matters on an ongoing basis. During the year ended 30 June 2020, the committee reviewed the company's risk management framework in order to ensure the effective management of the group's material business risks.

Risk management and compliance and control

The board is responsible for the overall internal control framework, but recognises that no cost-effective internal control system will preclude all errors and irregularities. Comprehensive practices have been established to ensure:

- capital expenditure and revenue commitments above a certain size obtain prior board approval;
- financial exposures are controlled, including the use of derivatives;
- occupational health and safety standards and management systems are monitored and reviewed to achieve high standards of performance and compliance with regulations;
- business transactions are properly authorized and executed;
- the quality and integrity of personnel;
- financial reporting accuracy and compliance with the financial reporting regulatory framework; and
- environmental regulation compliance.

Code of conduct

The group has advised each director, manager and employee that they must comply with the company's code of conduct. The code of conduct is available on the company's website and covers the following:

- aligning the behaviour of the board and management with the code of conduct by maintaining appropriate core company values and objectives.
- fulfilling responsibilities to shareholders by delivering shareholder value; and
- fulfilling responsibilities to clients, customers and consumers by maintaining high standards of professionalism, product quality and service.

**8. Remunerate Fairly and Responsibly**

Remuneration

The Remuneration Committee comprised of two independent Directors in the 2020 financial year, being Mr Kwong Yang Chong (as Chairman) and Mr Tim Monger. The Company has established charter rules for the Remuneration Committee as a guide for the Board in its deliberations, and in the event that a Committee is established at some time in the future if and when considered appropriate by the Board.

The Board considers issues relevant to remuneration policies and practices, including those for senior executives and non-executive Directors. The Board clearly distinguishes the structure of non-executive directors' remuneration from that of executive directors and senior executives and in doing so, reviews and evaluates market practices and trends for all remuneration relevant to the Group.



Remuneration for the Executive Director and senior executives includes not only monetary payments (salary and wages) but all other monetary and non-monetary compensation for services and benefits including fringe benefits; directors' and officers' and other insurance arrangements; retirement benefits; superannuation; and equity participation, and other incentive programs. Non-executive Directors remuneration is determined in accordance with the aggregate fees determined from time to time by shareholders.

Guide to Reporting on Principle 8

In accordance with the 'Guide to Reporting on Principle 8', the Company provides the following information:

- (a) there are no schemes for retirement benefits, other than statutory superannuation, in existence for the Non-Executive Directors; and
- (b) as at the date of this statement, the Company is of the view that it has complied with each of the Recommendations under Principle 8, except for Recommendation 8.1. An explanation for the departure from Recommendation 8.1 is set out above.

## 1. Shareholding

- a. Distribution of Shareholders Number as at 28 September 2020:

	Number of ordinary shares	Number of holders
1-1,000	24,208	63
1,001-5,000	443,522	149
5,001-10,000	1,193,704	145
10,001-100,000	18,989,281	500
100,001 and over	277,785,690	270
	<b>298,436,405</b>	<b>1,127</b>

- b. The number of shareholdings held in less than a marketable parcel is 145.
- c. The names of the substantial shareholders listed in the Company's register as at 28 September 2020 are:

Shareholder	Number of shares	Percentage Holding %
1. BNP PARIBAS NOMS PTY LTD	34,861,273	11.68
2. JOX HOLDINGS LIMITED	21,808,380	7.31

- d. 20 Largest Shareholders as at 28 September 2020 – Ordinary Shares

	Shareholder	Number of shares	Percentage Holding %
1	BNP PARIBAS NOMS PTY LTD	34,861,273	11.68
2	JOX HOLDINGS LIMITED	21,808,380	7.31
3	CHUN WEE NA	13,288,121	4.45
4	CITICORP NOMINEES PTY LIMITED	11,337,842	3.80
5	BAI GUOJIN	10,000,000	3.35
6	BNP PARIBAS NOMS PTY LTD	9,414,041	3.15
7	MR GERALD NICHOLAS TAN	8,369,418	2.80
8	ELTON HOLDINGS PTY LTD	6,545,173	2.19
9	MR ZAW YE MYINT	5,610,098	1.88
10	COMSEC NOMINEES PTY LIMITED	5,253,139	1.76
11	KEONG YEW LIM	5,178,986	1.74
12	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,552,842	1.53
13	MR KYAW HTOO LINN	4,207,574	1.41
13	MR MYINT KYAW THU	4,207,574	1.41
14	CS FOURTH NOMINEES PTY LIMITED	3,348,138	1.12
15	N2 GLOBAL (HK) LIMITED	3,240,000	1.09
16	BAI GUOBAO	2,626,500	0.88
17	MS CHUNYAN NIU	2,600,000	0.87
18	7 ENTERPRISES PTY LTD	2,588,971	0.87
19	MR MARK JOHN WARD & MS CATHERINE ALEXANDRA SMITH	2,170,000	0.73
20	MR STEPHEN KAM LO TONG & MRS PATSY LIN HAP TONG	2,131,385	0.71
		<b>163,339,455</b>	<b>54.73</b>

- e. Voting Rights

The voting rights attached to each ordinary share is one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

**2. The name of the Company Secretary is Mr Jarrod White. Mr White's qualifications are:**

Bachelor of Business (BBus)  
Chartered Accountant (CA ANZ)

Mr White has a practice in Chartered Accounting and advises and works in a number of public listed companies in Australia. In addition, he holds the position of Company Secretary in numerous public listed companies.

**3. The address of the registered and principle office is:**

Suite 305  
35 Lime Street  
Sydney NSW 2000

**4. Registers of securities are held at the following address**

Link Market Services  
Level 12, 680 George Street  
Sydney NSW 2000

**5. Stock Exchange Listing**

Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the Australian Stock Exchange Limited.

**6. Restricted Securities**

Ordinary Shares

Of the 203,655,041 ordinary shares on issue as at 30 June 2020. All ordinary shares are quoted on the Australian Stock Exchange. No ordinary shares are subject to escrow restrictions.

Options

No options are subject to escrow restrictions.