



# **SINETECH LIMITED**

**Annual Report 2020**

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## CORPORATE DIRECTORY

### Directors

Terence Bulter	Non-Executive Director
Derek Hall	Non-Executive Director
Umberto Mondello	Non-Executive Director

### Company Secretary

Derek Hall

### Registered Office and Principal Place of Business

Sinetech Limited  
ABN 56 125 943 240  
ACN 125 943 240  
Ground Floor, Suite 1, 437 Roberts Rd  
Subiaco WA 6008  
Telephone: 08 6380 2555  
Facsimile: 08 9381 1122

### Share Registry

Automic Registry Services  
Level 2, 267 St Georges Terrace  
Perth WA 6000  
Telephone: 08 9314 2099  
Email: [hello@automic.com.au](mailto:hello@automic.com.au)

### Auditors

UHY Haines Norton  
Level aa, 1 York Street  
Sydney NSW 2000

### Stock exchange listing

Sinetech Limited are listed on the Australian Securities Exchange  
ASX code: STC

## DIRECTORS' REPORT

Your directors present their report on the consolidated entity (referred to hereafter as Group) consisting of Sinetech Limited (referred to as the Company) and the entity it controlled at the end of, or during, the year ended 30 June 2020.

### Operating and Financial Review

Following the sale of the Company's business assets in 2018, the Board has continued to review a number of acquisition opportunities, with due diligence completed on a number of potential acquisitions.

The Company is currently subject to a suspension from trading on the ASX which will continue until the Company makes an announcement acceptable to ASX about its future activities. The Board's primary goal is to return the Company to trading with completion of a compelling transaction. Completion of the Capital Raising will better enable the Company to meet potential acquisition and ASX re-compliance costs associated with any new business opportunities.

To assist with facilitation of a transaction, the Company undertook a restructure of its Board with the appointment of Mr Bert Mondello as Non-Executive Chairman and Mr Derek Hall as a Non-Executive Director, joining Mr Terry Butler. Subsequent to the period end, the Company added Mr Warren Barry as a Non-Executive Director.

The Board continued to review acquisition opportunities with a view to identifying and progressing a transaction which will add value for shareholders. Apart from these efforts, there were no substantive business activities during the financial year.

### Financial Overview

The loss before tax from continuing operations during the year was \$717,817 (2019: loss of \$5,697,316) and no profit from discontinued operations (2019: profit of \$932,986).

The net loss after tax was \$717,817 compared to a loss of \$4,764,330 for the year ended 30 June 2019. This result was mainly due to fair value loss on financial assets.

### Cash flow overview

Statement of cash flow	Year ended 30 June 2020	Year ended 30 June 2019	Change
Net cash inflows/ (outflows) from operating activities	(129,393)	42,253	(171,646)
Net cash inflows/ (outflows) from investing activities	-	587,275	(587,275)
Net cash inflows/ (outflows) from financing activities	239,089	(800,000)	1,039,089
Net increase/(decrease) in cash held	109,607	(170,472)	280,079
Cash and cash equivalents at beginning of year	62,648	233,120	(170,472)
<b>Cash and cash equivalents at the end of year</b>	<b>172,344</b>	<b>62,648</b>	<b>109,696</b>

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### Operating activities

Cash outflows from operating activities for the year ended 30 June 2020 were a net outflow of \$129,393, which is \$171,646 higher than the prior year. The increase is attributed to no operating income during the year.

### Investing activities

No cash inflows from investing activities this year.

### Financing activities

Cash inflows relating to financing activities during the year of \$239,089 is in relation to the issue of shares.

## Statement of financial position

The statement of financial position as at 30 June 2020 indicates net assets carried by the Group of \$595,930.

The Group had cash and cash equivalents of \$172,344 and other financial assets of \$621,444. The other financial assets comprised of the fair value of shares in Incentiapay Limited of \$550,643.

### Directors

The directors of Sinetech Limited who held office at any time during the financial year and up to the date of this report were:

Director	Date of Appointment
Terry Butler	22 June 2017
Derek Hall	30 December 2019
Umberto Mondello	30 December 2019
Warren Barry	1 August 2020

	Date of Resignation
Stephen Harrison	30 December 2019
Gary Castledine	30 December 2019
Todd Trevillion	30 December 2019

### Principal activities and significant changes in principal activities

The Group's operating businesses were sold on 11 May 2018. The Board is now reviewing potential acquisition opportunities.

### Significant changes in the state of affairs

Other than the above, there have been no significant changes in the state of affairs during the year.

### Dividends

The directors recommend that no dividend be paid or declared at this point in time. No amounts have been paid or declared by way of dividend during the financial year.

### Review of operations

The Group recorded a net loss after tax of \$717,817 for the year ended 30 June 2020 (30 June 2019: loss of \$4,764,330).

The 2020 loss included \$402,658 fair value loss on financial assets. The 2019 loss included \$932,986 profit on discontinued operations, \$1,005,225 loss on the sale of ceratin shareholdings in a listed company which were received in consideration for the sale of businesses and \$3,700,000 fair value loss on the remaining shareholdings in a listed company.

At 30 June 2020, cash and cash equivalents totalled \$172,344 (2019: \$62,648).

### Discontinued operations

On 11 May 2018, Sinetech completed the sale of its business assets, including its shares in Blackglass Pty Ltd, Gruden Pty Ltd and MobileDen Pty Ltd, to IncentiaPay Limited (ASX: INP).

Under the sale agreement, Sinetech was issued 25 million IncentiaPay shares that were worth \$7 million at the acquisition price of \$0.28 per share, and \$250,000 cash consideration. Subject to standard working capital adjustments, up to a further 2.68 million shares (worth \$0.75 million at the acquisition price of \$0.28 per share) have the potential to be issued. The fair value of contingent consideration has been recorded at \$120,535 as at 30 June 2020. During the 2020 financial year, 2.68 million shares were received. The shares are not subject to escrow.

Further information on the operations of the Group and its business strategies and prospects is set out in the Operating and Financial Review of this Annual Report.

### Events since the end of the financial year

On 3 August 2020, the Company sold 5,000,000 of its holding of INP shares at an average of \$0.0511 banking net proceeds of ~\$252,604.

Appt from the above there are no matters or circumstances that have arisen since the end of the financial year that have affected or may significantly affect the operations, results of those operations, or state of affairs of the Group in future financial years.

### Likely developments and expected results of operations

The Board is now undertaking a review of a number of potential acquisition opportunities and is actively seeking compelling investments.

## Information about Directors

### Terry Butler

**Non-Executive Director – Appointed 22 June 2017**

Non-Executive Director since 22 June 2017. Mr Butler was a co-founder of Blackglass. His career, spanning 45 years, includes executive and senior management positions in industry, and twenty five years' service with the Royal Australian Navy. He has been the recipient of two Australian Defence Force Commendations for professionalism, performance and service, and during his service years achieved the rank of Senior Office. Mr Butler is Managing Director and founder of ENRAMS Australia Pty Ltd. Prior to starting this company in 2009, he held directorships and executive positions in defence and aerospace, biotech, business process outsourcing, online services, environmental engineering and programme management organisations.

<i>Other current directorships</i>	Nil
<i>Former directorships in last 3 years</i>	Nil
<i>Special responsibilities</i>	Member of the Remuneration Committee from 22 June 2017 and Audit Committee from 24 August 2017
<i>Interests in shares and options</i>	Ordinary Shares: 59,437,876

### Derek Hall BCom, CA, Ffin, AGIA

**Non-Executive Director – Appointed 30 December 2019**

**Company Secretary – Appointed 3 March 2020**

Mr Hall is a finance and compliance specialist in the listed space. Mr Hall has significant commercial experience identifying key business drivers and bringing cost control and process improvement into sharp focus. Mr Hall has been involved as a Chief Financial Officer and Company Secretary for a number of publicly listed and unlisted companies involving transactions in technology, mining, oil and gas and construction. Mr Hall is a Chartered Accountant, Chartered Secretary and Fellow of the Financial Services Institute.

<i>Other current directorships</i>	Nil
<i>Former directorships in last 3 years</i>	Non- Executive Director of Vection Technologies Ltd (ASX: VR1)
<i>Special responsibilities</i>	Nil
<i>Interests in shares and options</i>	Nil

### Umberto Mondello LLB

**Non-Executive Director – Appointed 30 December 2019**

Mr Mondello has more than 20 years' experience across both the private and public sectors. As an Executive, Mr Mondello has substantial capital markets experience and knowledge of equity markets having participated in company restructures, IPOs, RTOs, investor placements and seed raisings. With experience spanning multiple industries, with a specialisation in technology. Across his career, including as CEO of ZipTel Limited (ASX: ZIP), Mr Mondello has been pivotal in challenging the status quo with innovation in new technologies across a myriad of products and offerings. Mr Mondello holds a Bachelor of Laws from The University of Notre Dame, Australia.

<i>Other current directorships</i>	Non-Executive Director of ZipTel Limited (ASX: ZIP), Non-Executive Director of WestStar Industrial Limited (ASX: WSI), Non-Executive Chairman of Emerge Gaming Limited (ASX: EM1), Non-Executive Chairman of Vection Technologies Ltd (ASX: VR1)
<i>Former directorships in last 3 years</i>	Nil
<i>Special responsibilities</i>	Nil
<i>Interests in shares and options</i>	Nil

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### Stephen Harrison BEc, CPA

#### *Non-Executive Director – Resigned 30 December 2019*

Non-Executive Director since 26 October 2009. Mr Harrison has over 30 years of experience in the financial services, funds management, private equity and accounting fields. He has held director positions with Investec Funds Management and the Australian subsidiary of US based fund manager Sanford C. Bernstein. Previously, he was National Director, Financial Services for BDO Nelson Parkhill, Chartered Accountants. Mr Harrison has been a founder and held directorships in a number of listed companies both in Australia and overseas.

<i>Other current directorships</i>	Incentiapay Limited since 15 February 2019
<i>Former directorships in last 3 years</i>	Nil
<i>Special responsibilities</i>	Chairman of the Board from 22 June 2017 and Chairman of the Audit and Remuneration Committees from 26 May 2016
<i>Interests in shares and options</i>	Ordinary Shares: 35,375,545

### Gary Castledine

#### *Non-Executive Director – Resigned 30 December 2019*

Non-Executive Director since 20 August 2014. Mr Castledine has over 20 years' experience in stockbroking and capital markets. He was previously a founding director and the head of corporate with a Perth, Western Australia based specialist boutique securities dealer and corporate advisory firm. Mr Castledine is currently specialising in corporate finance with boutique investment banking and corporate advisory firm Westar Capital Ltd. Mr Castledine's experience has enabled him to gather an extensive suite of clients in a corporate advisory role which has seen him involved in many capital raisings and IPO's across a spectrum of industries. He is currently a member of the Stockbrokers Association of Australia.

<i>Other current directorships</i>	Vector Resources Ltd since 24 February 2009 Quantify Technology Holdings Limited since 1 October 2018
<i>Former directorships in last 3 years</i>	WHL Energy Limited (5 February 2016 – 1 March 2017) Laconia Resources Ltd (8 May 2015 – 18 October 2016)
<i>Special responsibilities</i>	Chairman of the Board from 27 February 2015 to 22 June 2017 and Member of the Audit and Remuneration Committees from 26 May 2016
<i>Interests in shares and options</i>	Ordinary Shares: 16,601,408

### Todd Trevillion

#### *Non-Executive Director – Resigned 30 December 2019*

Executive Director from 13 May 2016 to 11 May 2018, Non-Executive Director from 11 May 2018. Mr Trevillion was the Co-Founder of Sinetech, as well as its CEO, for the first 20 years. His experience in developing digital businesses, commercialisation of web assets and platforms, monetisation of mobile apps in enterprise, government and start-up communities has been a constant driver since the beginning of the internet.

Todd was instrumental in the development of the MobileDEN platform which today is an award-winning mobile cloud platform – servicing some of the world's best-known brands to transact, interact and engage with their customer through the mobile marketplace.

<i>Other current directorships</i>	Nil
<i>Former directorships in last 3 years</i>	Nil
<i>Special responsibilities</i>	Member of the Remuneration Committee from 26 May 2016 to 22 June 2017
<i>Interests in shares and options</i>	Ordinary Shares: 60,385,828

Other current directorships and former directorships in the last 3 years are directorships for listed entities only and exclude directorships of other types of entities, unless otherwise stated.



## Meetings of Directors

The numbers of meetings of the Company's Board of Directors held during the financial year (including circular resolutions), and the numbers of meetings attended by each director were:

Director	Meetings of Directors	
	Attended	Eligible to Attend
Terry Butler	11	11
Derek Hall	6	6
Umberto Mondello	6	6
Gary Castledine	5	5
Steven Harrison	5	5
Todd Trevillion	5	5

## Shares under option

There were no unissued ordinary shares of the Company under option at the date of this report.

No shares have been issued on exercise of options during the year or since the end of the year to the date of this report.

## Indemnity and insurance of officers

The Company has entered into agreements with directors to indemnify them against any claims and related expenses that may arise in their capacity as directors and officers of the Company or a related body corporate, except where the liability arises out of conduct involving a lack of good faith and subject to the provisions of the *Corporations Act 2001*.

During the financial year, the Company paid premiums for directors' and officers' liability insurance. The contract prohibits disclosure of the details of the nature of the liabilities covered or the premium paid.

## Environmental Regulations

The Group's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia. No environmental breaches have occurred or have been notified by any Government agencies during the year ended 30 June 2020 or subsequent to year end.

## Proceedings on behalf of the company

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

## Indemnity and insurance of auditor

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

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

### Non-audit services

The auditor of the Group is UHY Haines Norton, Sydney.

Details of the amounts paid or payable to the auditors for audit services provided during the year are set out in the financial statements.

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

The Board has considered the position and, in accordance with advice received from the Audit and Risk Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for these two reasons:

- all non-audit services have been reviewed by the Audit and Risk Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

The auditor of the Group, UHY Haines Norton, did not provide any non-audit services during the year. There are no officers of the Group who are former partners of UHY Haines Norton.

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act 2001 is given on page 14.

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



**Umberto Mondello**  
**Director**

30 September 2020

## REMUNERATION REPORT

This report details the nature and amount of remuneration for each director of Sinetech Limited and for other key management personnel.

The information provided in this report has been audited as required by Section 308 (3C) of the *Corporations Act 2001*. During the course of the financial year, the entire Board considered remuneration matters.

### Non-executive director remuneration

The Board seeks to set aggregate remuneration at a level that provides the Group with the ability to attract and retain suitably skilled non-executive directors, while incurring a cost that is acceptable to shareholders.

The Constitution of the Company and the ASX Listing Rules specify that the non-executive directors' aggregate maximum remuneration shall be determined from time to time by shareholders at a General Meeting. The maximum remuneration was set at \$500,000 by a resolution approved at the Annual General Meeting held on 24 November 2010.

The remuneration of non-executive directors for the year ended 30 June 2020 is detailed in this report. The level of fees for directors was set by the Board on 1 May 2010 and has not been increased since that time.

Directors also received additional consultancy fees for providing consulting services to the Group, details of which appear in this report.

### Other key management personnel remuneration

The Group aims to reward other key management personnel with a level and mix of remuneration commensurate with their position and responsibilities within the Group in order to:

- reward key management personnel for company and individual performance against targets set by reference to appropriate benchmarks;
- align the interests of key management personnel with those of shareholders;
- link reward with the strategic goals and performance of the Company; and
- ensure total remuneration is competitive by market standards.

The remuneration of other key management personnel may from time to time be fixed by the Board. As noted above, the Board's policy is to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering long term incentives. The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market.

Fixed remuneration is reviewed annually by the whole Board and the process consists of a review of company-wide and individual performance, relevant comparative remuneration in the market and internal, and where appropriate, external advice on policies and practices. Other key management personnel are given the opportunity to receive fixed remuneration in a variety of forms. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Company.

The remuneration of other key management personnel for the year ended 30 June 2020 is detailed in this report.

### Short term incentives

During the year, no short term cash incentive bonuses were paid to key management personnel.

## Remuneration Report continued

### Details of KMP Remuneration

#### Group performance

The table below shows the performance of the Group for the past five years.

Year End Period	Net Profit/(Loss)	Share Price at the beginning of the financial year	Share Price at the end of the financial year	Market capitalisation	Dividend paid per share
	\$	\$	\$	\$	\$
For the year ended 30/06/2016	201,597	0.040	0.040	24,553,868	Nil
For the year ended 30/06/2017	(6,492,753)	0.040	0.016	11,293,062	Nil
For the year ended 30/06/2018	(633,889)	0.016	0.006	4,234,898	Nil
For the year ended 30/06/2019	(4,764,330)	0.006	0.005	3,529,082	Nil
For the year ended 30/06/2020	(717,817)	0.005	0.003	3,040,701	Nil

#### Employment contracts

It is the Board's policy that employment contracts are entered into with all directors, executives and employees. Contracts do not provide for pre-determined annual increases to compensation values or method of payment. The amount of compensation is determined by the Board in accordance with the remuneration principles described above.

All non-executive directors have received letters outlining the key terms of their appointment.

Other key management personnel are entitled to their statutory entitlements of accrued annual leave and long service leave together with any outstanding superannuation on termination.

There were no employment contracts for key management personnel during the financial year.

#### Directors' remuneration

	Primary benefit		Post-Employment		Total	
	Salary and fees	Non monetary benefits	Super	Retirement benefits	Performance related	
	\$	\$	\$	\$	\$	%
<b>For the year ended 30 June 2020</b>						
<i>Non-executives</i>						
Terry Butler	41,000	-	-	-	41,000	0%
Derek Hall <sup>1</sup>	30,000	-	-	-	30,000	0%
Umberto Mondello <sup>1</sup>	39,000	-	-	-	39,000	0%
Gary Castledine <sup>2</sup>	15,000	-	-	-	15,000	0%
Stephen Harrison <sup>2</sup>	15,000	-	-	-	15,000	0%
Todd Trevillion <sup>2</sup>	15,000	-	-	-	15,000	0%
<b>Total</b>	<b>155,000</b>	-	-	-	<b>155,000</b>	<b>0%</b>
	\$	\$	\$	\$	\$	%
<b>For the year ended 30 June 2019</b>						
<i>Non-executives</i>						
Gary Castledine <sup>2</sup>	51,000	-	-	-	51,000	0%
Stephen Harrison <sup>2</sup>	51,000	-	-	-	51,000	0%
Todd Trevillion <sup>2</sup>	46,000	-	-	-	46,000	0%
Terry Butler	51,000	-	-	-	51,000	0%
<b>Total</b>	<b>199,000</b>	-	-	-	<b>199,000</b>	<b>0%</b>

1 Appointed on 30 December 2019

2 Resigned on 30 December 2019

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Certain directors provided consulting services to the Group during the year. These services were charged to the Group based on time and nature of work undertaken.

The total amount incurred while they held positions as directors are as listed below:

### Consulting fees paid to directors

	Company	Amount incurred \$
<b>For the year ended 30 June 2020</b>		
Gary Castledine	Perizia Investments Pty Ltd	-
Stephen Harrison		-
Todd Trevillion	STB Tech Holdings Pty Ltd	-
Terry Butler	ANT Nominees Pty Ltd	-
Derek Hall		-
Umberto Mondello		-
<b>For the year ended 30 June 2019</b>		
Gary Castledine	Perizia Investments Pty Ltd	28,000
Stephen Harrison		116,561
Todd Trevillion	STB Tech Holdings Pty Ltd	30,000
Terry Butler	ANT Nominees Pty Ltd	43,500

### Remuneration of other key management personnel

There were no key management personnel during the year ended 30 June 2020.

### Shareholdings of key management personnel

The number of ordinary shares in the Company held during the financial year by each director of Sinetech Limited and other key management personnel of the Group, including their related parties, is set out below.

	Balance at start of year	Conversion of performance shares	Other changes	Held at appointment / resignation	Balance at end of year
<b>Directors</b>					
Terry Butler	59,437,876	-	-	-	59,437,876
Derek Hall	-	-	-	-	-
Umberto Mondello	-	-	-	-	-
Gary Castledine *	16,601,408	-	-	-	16,601,408
Stephen Harrison	35,375,545	-	-	-	35,375,545
Todd Trevillion	60,385,828	-	-	-	60,385,828
<b>Total</b>	<b>287,243,091</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>287,243,091</b>

\* 2,930,000 shares held by Mr Gary Castledine as at 30 June 20 and 13,671,408 shares were related to his spouse.

### Option holdings of key management personnel

There were no key management personnel during the year ended 30 June 2020.

### Loans to or from key management personnel

There were no loans to or from key management personnel during the year.

### Other transactions and balances with key management personnel and related entities

Transactions with related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following table provides details of transactions that occurred with related parties for the relevant financial period.

	Related party fees incurred	Capital purchases from related parties	Amounts owed to related parties (i)
<b>Related parties – directors and director-related entities</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>For the year ended 30 June 2020</b>			
Terry Butler (ANT Nominees Pty Ltd) *	41,000	-	28,600
Derek Hall (Hallmark Advisory Pty Ltd) *	30,000	-	30,000
Umberto Mondello (Indomain Enterprises Pty Ltd) *	39,000	-	39,000
Gary Castledine (Perizia Investments Pty Ltd) *	15,000	-	-
Stephen Harrison *	15,000	-	-
Todd Trevillion (STB Tech Holdings Pty Ltd) *	15,000	-	-
<b>For the year ended 30 June 2019</b>			
Stephen Harrison *	167,561	-	6,000
Todd Trevillion (STB Tech Holdings Pty Ltd) *	76,000	-	6,000
Terry Butler (ANT Nominees Pty Ltd) *	94,500	-	6,000
Gary Castledine (Perizia Investments Pty Ltd) *	79,000	-	6,000
Capretti Investments Pty Ltd (i) *	55,000	-	-

i. Mr Castledine indirectly, via a family member, is a related party to Capretti Investments Pty Ltd.

\* These amounts are for directors and consulting fees.

### Voting and comments made at the Company's 2019 Annual General Meeting

At the 2019 AGM, 5% of the proxies voted against the adoption of the remuneration report for the year ended 30 June 2019. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.



**Umberto Mondello**  
**Director**

30 September 2020

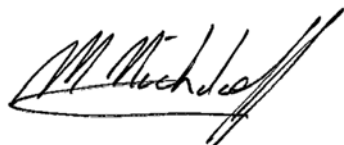
**Auditor's Independence Declaration under section 307C of the *Corporations Act 2001***

**To the Directors of Sinetech Limited**

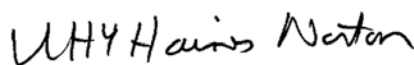
As auditor for the audit of Sinetech Limited for the year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Sinetech Limited and the entity it controlled during the year.



**M.D. Nicholaeff**  
Partner  
Sydney  
30<sup>th</sup> September 2020



**UHY Haines Norton**  
Chartered Accountants

# ANNUAL FINANCIAL REPORT

## 30 June 2020 - Financial Report

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These financial statements are the consolidated financial statements of the Group, consisting of Sinetech Limited and its subsidiaries. The financial statements are presented in Australian dollars.

Sinetech Limited is a public listed company, incorporated and domiciled in Australia. Its registered office and principal place of business are Suite 1, 437 Roberts Rd, Subiaco WA 6008.

A description of the nature of the Group's operations and its principal activities is included in the Directors' Report, which is not part of these financial statements.

The financial statements were authorised for issue by the directors on 30 September 2020.



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

	Note	Consolidated for year ended 30 June 2020 \$	Consolidated for year ended 30 June 2019 \$
<b>Revenue</b>			
Interest income		-	5,332
<b>Total Income</b>		-	<b>5,332</b>
<b>Operating Expenses</b>			
Director fees		155,000	199,000
Consulting and professional fees		99,818	616,159
Compliance and regulatory		49,741	52,420
Finance Expenses		499	81,697
Fair value loss on financial assets at fair value through profit or loss		402,658	3,700,000
Loss on sale of investments		-	1,005,225
Other expenses		10,101	48,147
<b>Total Operating Expenses</b>		<b>717,817</b>	<b>5,702,648</b>
<b>Loss before income tax</b>		<b>(717,817)</b>	<b>(5,697,316)</b>
Income tax expense	3	-	-
<b>Loss after tax from continuing operations</b>		<b>(717,817)</b>	<b>(5,697,316)</b>
Profit after tax from discontinued operations	11	-	932,986
<b>Loss for the year</b>		<b>(717,817)</b>	<b>(4,764,330)</b>
Other comprehensive income		-	-
<b>Total comprehensive loss for the year</b>		<b>(717,817)</b>	<b>(4,764,330)</b>
<b>Total comprehensive loss attributable to equity holders</b>		<b>(717,817)</b>	<b>(4,764,330)</b>
		Cents	Cents
Earnings per share			
Basic loss per share (weighted average)	18	(0.09)	(0.68)
Diluted loss per share (weighted average)	18	(0.09)	(0.68)
Earnings per share for continuing operations			
Basic loss per share (weighted average)	18	(0.09)	(0.81)
Diluted loss per share (weighted average)	18	(0.09)	(0.81)

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

## SINETECH LIMITED - ANNUAL REPORT 2020

### Statement of Financial Position

As at 30 June 2020

	Note	Consolidated 30 June 2020 \$	Consolidated 30 June 2019 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	172,344	62,648
Trade and other receivables	6	10,801	5,342
Other financial assets	7	550,643	953,035
<b>Total current assets</b>		<b>733,788</b>	<b>1,021,025</b>
<b>Non-current assets</b>			
Trade and other receivables		60,000	60,000
<b>Total non-current assets</b>		<b>60,000</b>	<b>60,000</b>
<b>Total assets</b>		<b>793,788</b>	<b>1,081,025</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	8	197,858	57,528
<b>Total current liabilities</b>		<b>197,858</b>	<b>57,528</b>
<b>Total liabilities</b>		<b>197,858</b>	<b>57,528</b>
<b>Net assets</b>		<b>595,930</b>	<b>1,023,497</b>
<b>EQUITY</b>			
Issued capital	9	30,075,664	29,785,414
Reserves	10	-	725,460
Accumulated losses		(29,479,734)	(29,487,377)
<b>Total equity</b>		<b>595,930</b>	<b>1,023,497</b>

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

## SINETECH LIMITED - ANNUAL REPORT 2020

### Statement of Changes in Equity For the year ended 30 June 2020

Attributable to owners of Sinetech Limited						
	Note	Contributed equity	Accumulated losses	Option reserve	Performance share reserve	Total
		\$	\$	\$	\$	\$
Balance at 1 July 2019		29,785,414	(29,487,377)	31,090	694,370	1,023,497
Loss for year		-	(717,817)	-	-	(717,817)
Total comprehensive loss for year		-	(717,817)	-	-	(717,817)
Issued share capital	11	307,750	-	-	-	307,750
Capital raising cost	11	(17,500)	-	-	-	(17,500)
Expiry of options and performance shares on sale of business	12	-	725,460	(31,090)	(694,370)	-
Balance 30 June 2020		30,075,664	(29,479,734)	-	-	595,930
Balance at 1 July 2018		29,785,414	(24,723,047)	31,090	694,370	5,787,827
Loss for year		-	(4,764,330)	-	-	(4,764,330)
Total comprehensive loss for year		-	(4,764,330)	-	-	(4,764,330)
Balance 30 June 2019		29,785,414	(29,487,377)	31,090	694,370	1,023,497

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

## SINETECH LIMITED - ANNUAL REPORT 2020

### Statement of Cash Flows For the year ended 30 June 2020

	Note	Consolidated for year ended 30 June 2020 \$	Consolidated for year ended 30 June 2019 \$
<b>Cash inflow / (outflow) from operating activities</b>			
Government grant receipts related to operating activities		-	1,018,722
Payments to suppliers and employees		(129,393)	(943,662)
Interest received		-	15,420
Interest and finance costs paid		-	(48,227)
<b>Net cash inflow/ (outflow) from operating activities</b>	<b>7</b>	<b>(129,393)</b>	<b>42,253</b>
<b>Cash inflow / (outflow) from investing activities</b>			
Proceeds from sale of Australian listed securities		-	587,275
<b>Net cash inflow/ (outflow) from investing activities</b>		<b>-</b>	<b>587,275</b>
<b>Cash inflow / (outflow) from financing activities</b>			
Drawdown of borrowings (net of costs)		-	120,194
Repayment of borrowings		-	(920,194)
Proceed from shares issue	<b>11</b>	250,000	-
Payment of share issue cost	<b>11</b>	(10,911)	-
<b>Net cash inflow/ (outflow) from financing activities</b>		<b>239,089</b>	<b>(800,000)</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>		<b>109,696</b>	<b>(170,472)</b>
Cash and cash equivalents at beginning of year		62,648	233,120
<b>Cash and cash equivalents at end of year</b>		<b>172,344</b>	<b>62,648</b>

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

## Notes to the Financial Statements

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## Note 1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of Sinetech Limited and its subsidiaries. Sinetech Limited is a publicly listed entity and a for-profit entity for the purpose of preparing the financial statements.

### (a) Basis of preparation

These financial statements are a general purpose financial report that has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. The financial statements also comply with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

#### Going concern

Based on its current commitments, the Group has sufficient short term liquid assets in the form of cash and shares in a listed company, to meet its debts as and when they fall due, and accordingly the financial report has been prepared on a going concern basis.

#### Historical cost convention

The financial statements have been prepared on an accruals basis and are measured at historical cost, except for assets and liabilities acquired in business combinations, which are initially measured at fair value.

#### Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.

#### Parent entity information

In accordance with the *Corporations Act 2001*, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 22.

### (b) Principles of consolidation

#### (i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Sinetech Limited as at 30 June 2020 and the results of all subsidiaries for the year then ended. Sinetech Limited and its subsidiaries together are referred to in this financial report as Sinetech or the Group.

Subsidiaries are all entities (including special purpose entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

## Note 1. Summary of significant accounting policies (continued)

### (b) Principles of consolidation (continued)

#### (ii) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Sinetech Limited.

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a jointly-controlled entity or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

### (c) Foreign currency translation

#### (i) Functional and presentation currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the Group operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Sinetech Limited's functional and presentation currency.

#### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income, except where they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates as at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

### (d) Revenue recognition

The consolidated entity recognises revenue as follows:

#### *Interest*

Interest revenue is recognised as interest accrues using the effective interest method.

#### *Other revenue*

Other revenue is recognised when it is received or when the right to receive payment is established.

### (e) Cash and cash equivalents

Cash and cash equivalents includes cash at bank and in hand, and short term deposits with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**Note 1. Summary of significant accounting policies (continued)**

**(f) Trade and other receivables**

Trade receivables, which are generally due for settlement within thirty days, are recognised and carried at original invoice amount less an allowance for expected credit loss. An allowance for expected credit loss is made when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. When a trade receivable for which an allowance had been recognised becomes uncollectible it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to other income in profit or loss.

Other receivables are recognised at amortised cost, less any allowance for expected credit loss.

Amounts expected to be received within 12 months are classified as current.

**(g) Income tax**

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current tax assets and liabilities for the current periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences except when the deferred income tax liability arises from the initial recognition of

goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. They are also not recognised when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

***Tax consolidation legislation***

Sinetech Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.



**Note 1. Summary of significant accounting policies (continued)**

**(g) Income tax (continued)**

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Sinetech Limited for any current tax payable assumed and are compensated by Sinetech Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Sinetech Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements. The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the group. Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

**(h) Other taxes**

**GST**

Revenues, expenses and assets are recognised net of the amount of GST, unless the GST incurred is not recoverable from the taxation authority. In these circumstances, GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables in the Statement of Financial Position are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

**(i) Financial assets**

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

*Financial assets at fair value through profit or loss*

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

*Financial assets at fair value through other comprehensive income*

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

## **Note 1. Summary of significant accounting policies (continued)**

### **(i) Financial assets (continued)**

#### *Impairment of financial assets*

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

### **(j) Impairment of non-financial assets and goodwill**

The Group assesses at the end of each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset, unless the asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at the revalued amount, in which case the reversal is treated as a revaluation increase. Goodwill impairment is not reversed.

After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

### **(k) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within thirty days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within twelve months from the reporting date. They are recognised at their fair value and subsequently measured at amortised cost using the effective interest method.

## Note 1. Summary of significant accounting policies (continued)

### (l) Employee benefits

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. No liabilities are recognised for non-accumulating sick leave.

The liability for long service leave and other employee entitlements expected to be wholly settled more than 12 months from the reporting date is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and years of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Contributions to defined contribution superannuation funds are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

### (m) Equity-based compensation benefits

Equity-based compensation benefits are provided to employees via an Incentive Option Scheme.

The fair value of incentive options issued to employees for no cash consideration is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised in reserves over the period during which the employees become unconditionally entitled to the shares, options or rights. When the shares are issued, options exercised or rights converted to shares, the value is transferred to Contributed Equity.

The fair value of incentive options are determined using option pricing models that take into account the exercise price, term of the options, the share price at grant date, expected volatility of the underlying share and the risk free interest rate for the term of the options.

The assessed fair value at grant date of incentive options granted to employees is allocated equally over the period of service to which the benefit relates up to the actual or expected vesting date with the quantity of options being included in the measurement of the transaction being adjusted to reflect the number of options which are expected to, or actually vest.

### (n) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### (o) Earnings per share

#### (i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit or loss attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares; and
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for any bonus elements in ordinary shares issued during the year.

**Note 1. Summary of significant accounting policies (continued)**

**(o) Earnings per share (continued)**

**(ii) Diluted earnings per share**

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

**(p) Current and non-current classification**

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realized or intended to be sold or consumed in the Group's normal operating cycle; it is held for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

**(q) New accounting standards and interpretations**

In the year ended 30 June 2020, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for the current annual reporting period.

It has been determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group and therefore no change is necessary to Group accounting policies.

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2020 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is as follows.

**(r) Comparative figures**

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

### Note 2. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### **Recoverability of deferred tax assets**

Judgment is required in assessing whether deferred tax assets are recognised in the statement of financial position. Deferred tax assets are recognised only when it is considered probable that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

#### **Share-based payment transactions**

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Binomial model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

#### **Fair value of financial assets**

The fair value of listed shares has been determined directly by reference to published price quotations in an active market for identical securities. They are deemed to be Level 1 securities in accordance with the AASB 7 fair value measurement hierarchy and hence there is no subjectivity in relation to their value.

#### **Fair value of contingent consideration**

The fair value of contingent consideration was estimated by reference to share price less the estimated discount to working capital for amounts currently being negotiated.

## SINETECH LIMITED - ANNUAL REPORT 2020

### Note 3. Income tax

	Consolidated for year ended 30 June 2020	Consolidated for year ended 30 June 2019
	\$	\$
<b>Components of income tax expense</b>		
<i>Deferred tax</i>	-	-
Derecognised temporary differences	-	-
Prior year adjustment	-	-
<b>Income tax expense as per the statement of profit or loss and other comprehensive income</b>	-	-
<b>Reconciliation of income tax expense to prima facie tax payable</b>		
Loss from continuing operations before income tax expense	<b>(717,817)</b>	(5,697,316)
Income tax benefit at the Australian tax rate of 27.5% (2019: 27.5%)	<b>197,400</b>	1,566,762
Add /(less) non-assessable income/non-deductible expenses:		
Fair value loss on financial assets at fair value through profit or loss	<b>(343,463)</b>	(1,293,937)
Deferred tax asset not brought to account at the reporting date as realisation of the benefit is not probable	<b>146,063</b>	(272,825)
<b>Income tax expense</b>	-	-

As at 30 June 2020, the Group has estimated unrecognised tax-effected tax losses of \$3,911,197 (2019: \$4,057,260) that will be available indefinitely for offset against future taxable profits, subject to the satisfaction of loss integrity and utilisation rules. No deferred tax assets have been recognised as at 30 June 2020 or 30 June 2019 because it is not probable within the immediate future that taxable profit will be available against which the Group can utilise the benefits from the deferred tax asset.

The Group has capital losses arising in Australia of \$1,052,542 at 27.5% (2019: \$1,052,542) that are available indefinitely for offset against future capital gains of the income tax consolidated group, subject to the satisfaction of loss integrity and utilisation rules.

### Note 4. Segment information

The Group's operating segments were disposed of on 11 May 2018. Refer to Note 12.

## SINETECH LIMITED - ANNUAL REPORT 2020

### Note 5. Current assets – cash and cash equivalents

	Consolidated 30 June 2020 \$	Consolidated 30 June 2019 \$
Cash at bank	172,344	62,648

Cash at bank earns interest at the floating rates based on daily bank deposit rates.

Short-term deposits were made for varying periods of up to three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

#### Reconciliation to cash at the end of the year

For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise cash at bank and investment in money market instruments, net of outstanding bank overdrafts.

#### Financing facilities

The Group does not have a bank overdraft facility.

	Consolidated 30 June 2020 \$	Consolidated 30 June 2019 \$
<b>Reconciliation of loss after tax to net cash flows from operating activities:</b>		
Loss after tax for the year	(717,817)	(4,764,330)
Fair value loss on financial assets at fair value through profit or loss	402,657	4,705,225
Changes in operating assets and liabilities net of sale of businesses:		
- (Increase) / decrease in trade and other receivables	(5,459)	7,486
- Decrease in other financial assets	-	201,725
- Increase / (decrease) in payables and deferred revenue	191,226	(107,853)
<b>Net cash inflow / (outflow) from operating activities</b>	<b>(129,393)</b>	<b>42,253</b>

#### Non-cash financing and investing activities

##### (i) Share based payments

The Company issued Shares in lieu of creditors settlement, including directors.

- (ii) In the 2018 year, under an agreement for the sale of the Group's business assets, Sinetech received 25 million IncentiaPay shares that were worth \$7 million at the acquisition price of \$0.28. Subject to standard working capital adjustments, up to a further 2.68 million shares (worth \$0.75 million at the acquisition price of \$0.28 per share) have the potential to be issued. The fair value of contingent consideration has been recorded at \$nil as at 30 June 2020 due to the number of shares under contingent consideration were received during the financial year 2020 (2019: 120,535). The shares are not subject to escrow.

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### Note 6. Current and non-current assets – trade and other receivables

	Consolidated 30 June 2020 \$	Consolidated 30 June 2019 \$
<b>Current:</b>		
Other receivables (i)	10,801	5,342
<b>Total</b>	<b>10,801</b>	<b>5,342</b>
<b>Non-current:</b>		
Environmental security deposits – Queensland Government	60,000	60,000
<b>Total</b>	<b>60,000</b>	<b>60,000</b>

**(i) Other receivables**

These amounts include interest, GST refunds and other tax refunds receivable.

**(ii) Fair values of trade and other receivables**

Due to the short-term nature of current receivables, their carrying amount is assumed to be same as their fair value. For non-current receivables, the fair values are not significantly different to their carrying amounts and therefore, no fair value adjustment was reported.

### Note 7. Current assets – other financial assets

	Consolidated 30 June 2020 \$	Consolidated 30 June 2019 \$
<b>Current:</b>		
Held-for-trading financial assets at fair value through profit or loss:		
Australian listed equity securities	550,643	832,500
Contingent consideration	-	120,535
<b>Total</b>	<b>550,643</b>	<b>953,035</b>

The fair value of listed shares has been determined directly by reference to published price quotations in an active market for identical securities. They are deemed to be Level 1 securities in accordance with the AASB 7 fair value measurement hierarchy and hence there is no subjectivity in relation to their value.

The fair value of contingent consideration was estimated by reference to share price less the estimated discount to working capital for amounts currently being negotiated.

During the current financial year, shares in relation to the contingent consideration were received by the Group.



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### Note 8. Current liabilities – trade and other payables

	Consolidated 30 June 2020 \$	Consolidated 30 June 2019 \$
<b>Current</b>		
Trade payables (i)	101,838	35,147
Accruals and other payables (ii)	96,020	22,381
<b>Total</b>	<b>197,858</b>	<b>57,528</b>

The carrying amounts of trade and short term payables are assumed to be the same as their fair values, due to their short term nature.

- i. Trade payables are non-interest bearing and generally payable within normal time frames for the industry.
- ii. Accruals and other payables are non-interest bearing.

### Note 9. Contributed equity

	As at 30 June 2020 Shares No.	As at 30 June 2019 Shares No.	As at 30 June 2020 \$	As at 30 June 2019 \$
Share Capital				
Ordinary Shares	1,013,566,849	705,816,391	30,075,664	29,785,414

#### Movement in ordinary shares:

Date	Details	Number of shares	\$
30 June 2019	Opening Balance	705,816,391	29,785,414
7 January 2020	Share placement @ \$0.001	105,872,458	105,872
24 April 2020	Creditor settlement (including directors)	57,750,000	57,750
24 April 2020	Share placement @ \$0.001	144,128,000	144,128
	Capital raising cost	-	(17,500)
<b>30 June 2020</b>	<b>Closing Balance</b>	<b>1,013,566,849</b>	<b>30,075,664</b>

### Note 10. Reserves

	Consolidated 30 June 2020 \$	Consolidated 30 June 2019 \$
Option reserves	-	31,090
Performance shares reserves	-	694,370
<b>Total</b>	<b>-</b>	<b>725,460</b>

### Note 10. Reserves (continued)

#### Terms and conditions of contributed equity

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

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Performance shares will rank equally with ordinary shares on conversion and convert on a 1 for 1 basis. Performance shares do not entitle the holder to dividends, to vote at an annual general meeting of the Company, or to participate in new issues of capital such as bonus issues or entitlement issues.

#### Nature and purpose of reserves:

##### Option reserve

This reserve is used to record the value of options issued. The options have expired on sale of business.

##### Performance share reserve

This reserve is used to record the fair value of the Class B performance shares issued as part consideration for the acquisition of subsidiaries in May 2016. The Class A performance shares converted to ordinary shares on 13 December 2016.

The options and performance shares expired on sale of business.

### Note 11. Discontinued operations

On 11 May 2018, Sinetech completed the sale of its business assets, including its shares in subsidiaries Blackglass Pty Ltd, Gruden Pty Ltd and MobileDen Pty Ltd, to IncentiaPay Limited (ASX: INP).

Under the sale agreement, Sinetech was issued 25 million IncentiaPay shares that were worth \$7 million at the acquisition price of \$0.28 per share, and \$500,000 cash consideration. Subject to standard working capital adjustments, up to a further 2.68 million shares (worth \$0.75 million at the acquisition price of \$0.28 per share) have the potential to be issued. The fair value of contingent consideration has been recorded at **\$nil** (2019: \$120,535). The shares are not subject to escrow.

The results of Blackglass Pty Ltd, Gruden Pty Ltd and Mobile Den Pty Ltd for the period ended **30 June 2020** are presented below:

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### Note 11. Discontinued operations (continued)

	Year ended 30 June 2020 \$	Year ended 30 June 2019 \$
Revenue	-	-
Cost of sales	-	-
<b>Gross profit</b>	-	-
Other income	-	1,018,722
Operating expenses	-	-
<b>Operating profit / (loss)</b>	-	1,018,722
Finance income	-	-
Finance costs	-	-
<b>Profit / (loss) before income tax</b>	-	1,018,722
Income tax benefit / (expense)	-	-
<b>Profit / (loss) after tax of discontinued operations prior to sale</b>	-	1,018,722
(Loss) / profit on sale of discontinued operations	-	(85,736)
<b>Profit for the year from discontinued operations</b>	-	932,986

The net cash flows of Blackglass Pty Ltd, Gruden Pty Ltd and MobileDen Pty Ltd are as follows:

	Year ended 30 June 2020 \$	Year ended 30 June 2019 \$
Net cash inflow from operating activities	-	1,018,722
<b>Net cash inflow of sold entities</b>	-	1,018,722

Profit on sale of discontinued operations is calculated as follows:

	Year ended 30 June 2020 \$	Year ended 30 June 2019 \$
<b>Consideration</b>		
Financial assets		
Fair value of contingent consideration	-	(404,465)
Cash consideration received	-	250,000
<b>Total consideration</b>	-	(154,465)

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### Note 11. Discontinued operations (continued)

	Year ended 30 June 2020 \$	Year ended 30 June 2019 \$
<b>Plus:</b>		
Interest	-	68,729
<b>Less:</b>		
Fair value of net assets transferred (a)	-	-
Selling expenses	-	-
<b>Profit on sale of discontinued operations</b>	-	(85,736)

No tax is payable on the profit on sale of discontinued operations as the Group has utilised capital and revenue tax losses previously not recognised.

Earnings per share from discontinued operations:

	Year ended 30 June 2020 Cents	Year ended 30 June 2019 Cents
Basic profit / (loss) per share	-	0.13
Diluted profit / (loss) per share	-	0.13

### Note 12. Financial risk management objectives and policies

#### Capital risk management:

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or sell assets.

#### Financial instruments:

The Group holds the following financial instruments:

	Consolidated 30 June 2020 \$	Consolidated 30 June 2019 \$
<b>Financial assets</b>		
Cash and cash equivalents (including restricted cash) and other financial assets	172,344	62,648
Trade and other receivables	70,801	65,342
Other financial assets	550,643	953,035
<b>Financial liabilities</b>		
Trade and other payables	197,858	57,528

## Note 12. Financial risk management objectives and policies (continued)

### Financial risk management objectives:

The Group is exposed to market risk (including currency risk, fair value interest rate risk, equity price risk and commodity risk), credit risk, liquidity risk and cash flow interest risk. Exposure limits are reviewed by management on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

### Interest rate risk:

Exposure to interest rate risk arises on cash and term deposits recognised at reporting date whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is not subject to interest rate risk

### Credit risk management:

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only invests with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses publicly available financial information and its own trading record to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions conducted is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by management on a continuous basis.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

## Note 12. Financial risk management objectives and policies (continued)

Cash deposits are placed with a range of financial institutions.

	Consolidated 30 June 2020 \$	Consolidated 30 June 2019 \$
<b>Cash and cash equivalents (including restricted cash) and other financial assets</b>		
Counter parties with external credit rating (Standard & Poors)		
AA-	172,344	62,247
Other	-	401
<b>Total</b>	<b>172,344</b>	<b>62,648</b>

The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained. The Group's maximum exposure to credit risk is limited to the carrying value of the financial assets, net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to the financial statements. The Group does not have any material credit risk to any single debtor group or group of debtors under financial arrangements entered into by the Group.

The maximum exposure to credit risk at the reporting date was:

	Consolidated 30 June 2020 \$	Consolidated 30 June 2019 \$
Cash and cash equivalents (including restricted cash)	172,344	62,648
Trade and other receivables	70,801	65,342

There are no derivative contracts in place (2019: nil).

### Equity price risk:

The Group's listed equity securities are susceptible to market price risk arising from uncertainties about future values of the securities. Reports on the equity securities are submitted to the Board on a regular basis. The Board reviews and approves all equity investment decisions.

The exposure to equity price risk at the reporting date was:

	Consolidated 30 June 2020 \$	Consolidated 30 June 2019 \$
Listed equity securities	550,643	832,500

The sensitivity analysis below has been determined based on a 50% change in the price of the equity securities.

## Note 12. Financial risk management objectives and policies (continued)

At 30 June 2020, if the price of the equity securities had moved, as illustrated in the table below, with all other variables held constant, profit/(loss) would have been affected as follows:

	Consolidated 30 June 2020 \$	Consolidated 30 June 2019 \$
<b>Profit/(loss)</b>		
+ 50% (2019: + 50%)	275,321	416,250
- 50% (2019: - 50%)	(275,321)	(416,250)

### Liquidity risk management:

Ultimate responsibility for liquidity risk management rests with the Board, who has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and had access to \$0.17m in cash and deposits as at 30 June 2020 (2019: \$0.06m). The Group continuously monitors forecast and actual cash flows.

The following table details the expected maturity of the Group's financial liabilities based on the earliest date of maturity or payment respectively.

	Consolidated 30 June 2020 \$	Consolidated 30 June 2019 \$
Within one year	197,858	57,528
Between one and five years	-	-
	197,858	57,528

### Fair value:

The fair values of all monetary financial assets and liabilities approximate their carrying values. The aggregate fair values and carrying amounts of financial assets and liabilities are disclosed in the Statement of Financial Position and in the notes to and forming part of the financial statements.

## Note 13. Commitments

There are no commitments for the Group as at 30 June 2020 or 30 June 2019.

## Note 14. Key management personnel disclosures

### Key management personnel compensation:

The following compensation table includes remuneration paid to key management personnel and directors, but excludes fees paid for consulting services to directors:

	For year ended 30 June 2020 \$	For year ended 30 June 2019 \$
Short-term employee benefits	155,000	199,000
Post-employment benefits	-	-
Share-based payments	-	-
Termination benefits	-	-
<b>Total</b>	<b>155,000</b>	<b>199,000</b>

Detailed remuneration disclosures are provided in the Remuneration Report.

Apart from the detail in this note, no director has entered into a material contract with the Company or the Group since the end of the previous financial year and there were no material contracts involving directors' interests existing at year end. Certain non-executive directors provided consulting services to the Group during the year.

### Other transactions and balances with key management personnel:

Transactions with related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following table provides details of transactions that occurred with related parties for the relevant financial period.

	Related party fees incurred \$	Amounts owed to related parties (i) \$
<b>Related parties – directors and director-related entities</b>		
<b>For the year ended 30 June 2020</b>		
Terry Butler (ANT Nominees Pty Ltd) *	41,000	28,600
Derek Hall (Hallmark Advisory Pty Ltd)*	30,000	30,000
Umberto Mondello (Indomain Enterprises Pty Ltd)*	39,000	39,000
Gary Castledine (Perizia Investments Pty Ltd)*	15,000	-
Stephen Harrison*	15,000	-
Todd Trevillion (STB Tech Holdings Pty Ltd) *	15,000	-
<b>For the year ended 30 June 2019</b>		
Stephen Harrison *	167,561	6,000
Todd Trevillion (STB Tech Holdings Pty Ltd) (ii)*	76,000	6,000
Terry Butler (ANT Nominees Pty Ltd) *	94,500	6,000
Gary Castledine (Perizia Investments Pty Ltd) *	79,000	6,000
Capretti Investments Pty Ltd (iii) *	55,000	-

- The amounts owed include both consulting fees and directors' fees. Directors' fees are disclosed in the remuneration report that forms part of the Directors' Report.
- Mr Trevillion is a director of STB Tech Holdings Pty Ltd.
- Mr Castledine indirectly, via a family member, is a related party to Capretti Investments Pty Ltd.

\* These amounts are for directors and consulting fees.



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### Note 15. Remuneration of auditor

During the year, the following fees were paid or payable for services provided by the auditors:

	For year ended 30 June 2020 \$	For year ended 30 June 2019 \$
<i>UHY Haines Norton</i>		
- Audit and review of financial reports	26,000	83,882
- Audit-related services – agreed-upon procedures	318	14,450
<b>Total</b>	<b>26,318</b>	<b>98,332</b>

### Note 16. Contingencies

There are no outstanding contingent liabilities not provided for in the financial statements of the Group as at 30 June 2020 or 30 June 2019.

### Note 17. Events occurring after the reporting period

On 3 August 2020, the Company sold 5,000,000 of its holding of INP shares at an average of \$0.0511 banking net proceeds of ~\$252,604.

Apart from the above there are no matters or circumstances that have arisen since the end of the financial year that have affected or may significantly affect the operations, results of those operations, or state of affairs of the Group in future financial years.

### Note 18. Earnings per share

	Consolidated 30 June 2020 cents	Consolidated 30 June 2019 cents
<b>Basic and diluted earnings per share:</b>		
Loss per share from continuing operations	(0.09)	(0.81)
Earnings per share from discontinued operations	-	0.13
<b>Total basic (loss) earnings per share</b>	<b>(0.09)</b>	<b>(0.68)</b>
<b>Total diluted (loss) earnings per share</b>	<b>(0.09)</b>	<b>(0.68)</b>
		<b>Number</b>
<b>Weighted average number of ordinary shares for the purposes of basic earnings per share</b>	<b>793,634,216</b>	<b>705,816,391</b>
<b>Weighted average number of ordinary shares for the purposes of diluted earnings per share</b>	<b>793,634,216</b>	<b>705,816,391</b>

## Note 19. Equity-based payments

The following table is a summary of the movement of options that have been issued under the Incentive Option Scheme.

	2020 number	2019 number	2020 weighted average exercise price \$	2019 weighted average exercise price \$
Outstanding at the beginning of the year	-	10,000,000	-	0.075
Issued during the year	-	-	-	-
Expired during the year	-	(10,000,000)	-	0.075
<b>Outstanding at the end of the year</b>	-	-	-	-
<b>Exercisable at the end of the year</b>	-	-	-	-

No options expense was charged against profit or loss for the year (2019: nil).

There were no share-based payment options outstanding as at 30 June 2020.

## Note 20. Subsidiaries and joint ventures

The financial statements incorporate the assets, liabilities and results of the following subsidiary in accordance with the accounting policy described in Note 1.

Name	Country of incorporation	Class of share	% Equity interest 2020	% Equity interest 2019	Principal activities
Longreach Number 2 Pty Ltd	Australia	Ordinary	100%	100%	Dormant

## Note 21. Parent entity disclosures

### (a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	For year ended 30 June 2020 \$	For year ended 30 June 2019 \$
Current assets	733,788	1,021,025
Non current assets	60,000	60,000
<b>Total assets</b>	<b>793,788</b>	<b>1,081,025</b>
Current liabilities	(197,858)	(57,528)
<b>Total liabilities</b>	<b>(197,858)</b>	<b>(57,528)</b>
<b>Net assets</b>	<b>595,930</b>	<b>1,023,497</b>
<b>Equity</b>		
Contributed equity	30,075,664	29,785,414
Reserves	-	725,460
Accumulated losses	(29,479,734)	(29,487,377)
<b>Total equity</b>	<b>595,930</b>	<b>1,023,497</b>
<b>Total comprehensive loss</b>	<b>(717,817)</b>	<b>4,764,330</b>

### (b) Guarantees entered into by the parent entity

There were no outstanding contingent liabilities not provided for in the financial statements of the parent entity as at 30 June 2020 or 30 June 2019.

### (c) Significant accounting policies of the parent entity

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and receipt may be an indicator of an impairment of the investment.

## DIRECTORS' DECLARATION

In the directors' opinion:

- (a) the financial statements and notes and additional disclosures included in the Directors' Report designated as audited, are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory reporting requirements, and
  - (ii) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the financial year ended on that date.
- (b) as stated in Note 1, the financial statements also comply with International Financial Reporting Standards.
- (c) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations by the Chief Executive Officer, or equivalent, and the Chief Financial Officer, or equivalent, required by Section 295A of the *Corporations Act 2001*.

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



**Umberto Mondello**  
**Director**  
30 September 2020

## INDEPENDENT AUDITOR'S REPORT

### To the Members of Sinetech Limited

### Report on the Audit of the Financial Report

#### *Opinion*

We have audited the financial report of Sinetech Limited (the "Company") and its subsidiary (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

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

#### *Basis for Opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

#### *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 year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters.

Why a key audit matter	How our audit addressed the risk
<p>On 11 May 2018, Sinetech completed the sale of its business assets, including its shares in subsidiaries Blackglass Pty Ltd, Gruden Pty Ltd and MobileDen Pty Ltd, to IncentiaPay Limited (ASX: INP)</p> <p>Under the sale agreement, Sinetech was issued 25 million INP shares that were worth \$7 million at the acquisition price of \$0.28 per share, and \$500,000 cash consideration. Subject to standard working capital adjustments, up to a further 2.68 million shares (worth \$0.75 million at the acquisition price of \$0.28 per share) have the potential to be issued. During the financial year 2020, 2.68 million shares that were subject to contingent consideration were received.</p> <p>We focused on this area because of:</p> <ul style="list-style-type: none"> <li>▪ The significance of this asset to the Group's consolidated statement of financial position. The financial assets representing the fair value of the shareholding in INP represents approximately 69% of total assets as at 30 June 2020.</li> <li>▪ The decline in the share price of INP to \$0.026 per share as at 30 June 2020 compared to \$0.045 share as at 30 June 2019 indicated a material loss as a result of a fair value movement during FY 20.</li> </ul>	<p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>▪ We obtained a list of shares held by Sinetech as at 30 June 2020 and agreed it to the external source;</li> <li>▪ We obtained INP share price as at 30 June 2020 from the ASX website to calculate the fair value of Sinetech's shareholding as at 30 June 2020 in INP;</li> <li>▪ We tested the accuracy of the fair value loss made by Sinetech by comparing the share price as at 30 June 2020 to the share price as at 30 June 2019 for the number of shares held as at year end;</li> <li>▪ We assessed the reasonability of the loss made on the fair value of contingent consideration as a result of the decline in INP's share price; and</li> <li>▪ We assessed the adequacy of Group's disclosures in relation to the carrying value of the financial assets as at year end and loss made during the year to test compliance with the requirements of the accounting standards.</li> </ul>

### Other Information

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

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

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

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

#### *Responsibilities of the Directors for the Financial Report*

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **Report on the Remuneration Report**

### *Opinion on the Remuneration Report*

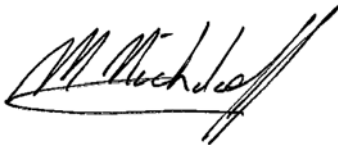
We have audited the Remuneration Report included in pages 10 to 13 of the Directors' report for the year ended 30 June 2020.



In our opinion, the Remuneration Report of Sinetech Limited, for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

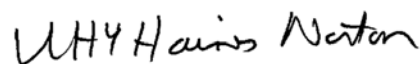
*Responsibilities*

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



**M. D. Nicholaeff**  
Partner

**Sydney**  
**30<sup>th</sup> September 2020**



**UHY Haines Norton**  
Chartered Accountants

## SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 31 August 2020.

### Distribution of equity securities:

Analysis of numbers of equity security holders by size of holding:

Holding	Total holders	Total Unites	% of issued capital
1 - 1,000	34	7,731	0.00
1,001 - 5,000	114	427,993	0.04
5,001 - 10,000	138	1,227,294	0.12
10,001 - 100,000	683	28,272,832	2.79
100,001 - 9,999,999,999	346	983,630,999	97.05
<b>Total</b>	<b>1,315</b>	<b>1,013,566,849</b>	<b>100.00</b>

	Number of shares in minimum parcel size	Holders	Units
Less than marketable parcel	166,667	1,040	39,410,326

### Substantial holders:

Substantial holders in the Company are set out below:

Name	Number of shares	Class of shares
SPRUSON CORPORATION PTY LTD <BOOYAH FAMILY A/C>	71,935,828	Ordinary
TERENCE BUTLER + ROSEMARY BUTLER <BUTLER SUPER FUND A/C>	59,437,876	Ordinary
BTR HOLDINGS PTY LTD <MUSHY ONE A/C>	56,488,421	Ordinary

## SINETECH LIMITED - ANNUAL REPORT 2020

The names of the 20 largest holders of fully paid ordinary shares as at 31 August 2020:

Rank	Name	Number of shares	Percentage
1.	SPRUSON CORPORATION PTY LTD <BOOYAH FAMILY A/C>	71,935,828	7.10%
2.	TERENCE BUTLER & ROSEMARY BUTLER <BUTLER SUPER FUND A/C>	59,437,876	5.86%
3.	BTR HOLDINGS PTY LTD <MUSHY ONE A/C>	56,488,421	5.57%
4.	RIMOYNE PTY LTD	50,000,000	4.93%
5.	BARRY CONSULTING PTY LTD <BARRY FAMILY A/C>	48,427,031	4.78%
6.	LIGURIAN HOLDINGS PTY LTD	47,500,229	4.69%
7.	MARINDO NOMINEES PTY LTD	41,250,000	4.07%
8.	MINGOOLA PTY LTD	37,543,051	3.70%
9.	ON TIME TAXIS PTY LTD	25,000,000	2.47%
9.	PHILIP RE & LEAH RE <RE FAMILY SUPER FUND A/C>	25,000,000	2.47%
9.	CROSSBAY PTY LTD	25,000,000	2.47%
10.	BLUESEAS INVESTMENTS PTY LTD <ASEAN SUPER FUND A/C>	22,533,182	2.22%
11.	CHEMBANK PTY LIMITED <CABAC SUPER FUND A/C>	20,000,000	1.97%
11.	LUIGI BACCINI & LOREDANA BACCINI <BACCINI SUPER FUND A/C>	20,000,000	1.97%
12.	MSJ CAPITAL PTY LIMITED <MSJ FAMILY A/C>	19,960,799	1.97%
13.	TRADITIONAL SECURITIES GROUP PTY LTD <LPR FAMILY A/C>	16,000,229	1.58%
14.	MSJ CAPITAL PTY LIMITED <THE HARRISON S/F A/C>	15,414,746	1.52%
15.	TYSON KANE SMITH	15,000,000	1.48%
16.	MANDEVILLA PTY LTD	14,050,000	1.39%
17.	MEDIDEW PTY LTD <THE MEDIDEW A/C>	12,879,317	1.27%
18.	WARREN BARRY & SONIA BARRY <BARRY FAMILY SUPERFUND A/C>	12,500,000	1.23%
19.	CAPRETTI INVESTMENTS PTY LTD <CASTELLO A/C>	11,786,696	1.16%
20.	STEPHEN HARRISON	11,550,000	1.14%
20.	PERIZIA INVESTMENTS PTY LTD	11,550,000	1.14%
20.	ANT (ACT) NOMINEES PTY LIMITED <BUTLER FAMILY A/C>	11,550,000	1.14%
<b>Total</b>		<b>702,357,405</b>	<b>69.30%</b>
<b>Total all ordinary shares</b>		<b>1,013,566,849</b>	<b>100.00%</b>