Story i your apple, our story Authorised Reseller

Story-i Limited

and its controlled entities

ACN 163 916 989

Annual Report

For the year ended 30 June 2018

CONTENTS

CORPORATE PARTICULARS

Directors	Mr Djohan Widodo Mr Michael Chan Mr Michael Pixley Mr Han Peng Lee	*Chairman* *Executive Director* *Non-Executive Director* *Non-Executive Director*
Company Secretary	Mr Brett Crowley	
Registered Office	Level 5 23 -25 O'Connell Street SYDNEY, NSW, AUSTRALIA, 2000	
Corporate Office	Level 5 23 -25 O'Connell Street SYDNEY, NSW, AUSTRALIA, 2000	
Share Registry	Boardroom Pty Ltd Level 12, 225 George Street SYDNEY, NSW, AUSTRALIA, 2000	
Auditor	Bentleys NSW Audit Pty Ltd Level 14, 60 Margaret Street SYDNEY, NSW, AUSTRALIA, 2000	

Letter to shareholders,

This year has been a positive and transformational year for our Company. We completed the acquisition of the eStore's business and assets in December 2017 and we completed the acquisition of Global's business and assets in August 2108. These bolt-on acquisitions have made us the 2nd largest Apple Premium Reseller in Indonesia. These acquisitions have added to the revenue and earnings of our Company, enlarged our education and enterprise client base and allowed us to become one of only two Apple Authorized Service Providers in Indonesia. We now have the best store coverage across Indonesia having now filled out Jakarta with stores acquired from the Global and Estore acquisitions We will continue to build on our relationship with Apple and look forward to the launch of new products including the globally popular range of new iPhones in Indonesia.

With the completion of the acquisitions, we have started the process to rationalize our store locations with the intention of weeding out the low performing stores and enhancing the better performing stores. This will result in a slightly lower number of stores, but it will be compensated by the higher revenue from the enhancement of the better performing stores. The store review and enhancement process are starting to show results as evident in our very positive performance this year. We will be more selective in new store locations, but we will continue to find promising new locations. Our new flagship store and first large format store opened in Semarang recently. It is performing above expectations and validates our strategy of enhancing stores in key locations in other cities.

During the past year we have been focusing on increasing the revenue and margin contribution from the Education division as this segment of our business comes with higher margins. We have accelerated the roll out of education offerings and have continued to implement the bundling of hardware with software services to our growing pipeline of educational clients. Importantly these are not only one-time hardware sales but recurrent income from yearly service and maintenance contracts, software and hardware upgrades.

As part of the effort to increase the market share and differentiate ourselves in this growing educational market we are collaborating with partners like UBTech Robotics, a global leader in humanoid robotics and artificial intelligence to enhance the learning experience of students with the use of humanoid robots as teaching aids. The early response from school trials conducted this year have been very positive from both teachers and students.

Our Enterprise Division continues to add new multinational and corporate clients. We have seen also seen increased contribution from online sales through our eCommerce and third-party platforms.

Last and most importantly I would like to extend a very warm thank you to our staff which today number some 218 people including the all-important customer facing retail floor team members, and our shareholders for their continued support.

We look forward to an exciting year ahead.

Michael Chan

Executive Director

DIRECTORS' REPORT

The Directors of Story-I Limited ("Story-I" or "the Company") present their financial report on the Company and its controlled entities PT Inetindo Infocom and Story-I Pte Ltd (the "Group") for the year ended 30 June 2018.

Directors

The names of directors in office at any time during or since the end of the financial year are listed hereunder. Directors were in office since the start of the financial year to the date of this report unless otherwise stated.

- Djohan Widodo, Chairman
- Michael Chan, Executive Director
- Michael Pixley, Non-Executive Director
- Han Peng Lee, Non-Executive Director (appointed 27 September 2017)
- Desmond Ong, Non-Executive Director (appointed 27 September 2017 and resigned 15 January 2018)

Information on Directors

Djohan Widodo, Chairman

Qualifications:	Master of Science in Industrial Engineering from the University of Southern California.
Experience:	Mr Widodo is currently the Chief Executive Officer of PT Senopati and PT Wima Tiga Berlian, part of the Senopati Group, whose activities include logistics, warehousing and distribution of automotive parts for Mitsubishi vehicles in Indonesia. Mr Widodo has over 16 years of working experience with the group.
Other ASX Listed Directorships:	Nil.

Michael Chan, Executive Director

Experience:	Mr Chan is the founder of Story-i. Starting with 1 store in mid-2010, he has built up the company to its current network of 20 stores in over 10 cities in Indonesia and Vietnam. His primary responsibility is working with the management team to expand the store network in Indonesia and development of the educational market in Indonesia. He has over 22 years of business experience and has held various management positions in companies within the telecommunications and IT industry in Malaysia and Indonesia.
Other ASX Listed Directorships:	Nil.

DIRECTORS' REPORT (continued)

Information on Directors (continued)

Michael Pixley, Non-Executive Director

Qualifications:	B. Bus
Experience:	Mr Pixley has worked as a merchant banker specialising in strategic corporate development, joint ventures and acquisitions. He has over 20 years' experience in the Asian business sector and has extensive network and relationships with key personnel in government, corporate and private sectors in the Asia pacific region. Mr Pixley was part of the management team of a prominent Asian group that over a period of 10 years oversaw the development of industrial properties throughout China, developments in Australia and the expansion of industrial manufacturing plants in Asia.
Other ASX Listed Directorships:	Pan Asia Corporation Limited (ASX:PCZ) (December 2008 to current) Ephraim Resources Limited (ASX:EPA) (October 2013 to December 2017) Oklo Resources Limited (ASX:OKU) (March 2013 to November 2014)

Han Peng Lee, Non-Executive Director

Qualifications:	B. Laws
Experience:	Mr Lee is an experienced corporate executive having 15 years' experience in improving processes and cost cutting while efficiently managing office environments. Mr Lee has held the position of General Manager of HH Cement Sdn Bhd and has previously been employed by Chop Hock Huat and Standard Chartered Bank.
Other ASX Listed Directorships:	Nil

Desmond Ong, Non-Executive Director

Qualifications:	B. Law
Experience:	Mr Ong is a Singapore lawyer. He spent his early years of practice at Messrs Allen & Gledhill and Messrs Rajah & Tann. In 1998, Mr Ong became the Managing Partner of Messrs J. Koh & Co., a niche practice specialising in corporate restructuring and complex litigation work. Under his stewardship, the firm grew to over 60 employees across offices in four jurisdictions. In 2003, DLA Piper acquired Messrs J. Koh & Co.and Mr Ong became the Managing Director of its Singapore office and head of its South East Asian practices. In 2008, Mr Ong set up and managed the Singapore office of Eversheds, another leading international law firm. In 2013, Mr Ong returned to focus on local work by setting up his own boutique firm which subsequently merged with JLC Advisors LLP. Throughout his career spanning almost two decades, Mr Ong has been involved in many complex cases. Mr Ong has advised, amongst others, Nick Leeson in relation to the collapse of Barings Bank, Chen Jiulin in relation to the trading losses of China Aviation Oil, the corruption charges against Airocean's CEO and most recently, City Harvest Church. Mr Ong has also advised and represented governments, statutory boards, listed companies, REITs and MNCs.
Other ASX Listed Directorships:	Nil

DIRECTORS' REPORT (continued)

Information on Company Secretary

Brett Crowley

Qualifications:	B.Com, DipLaw
Experience:	30 years' experience in advising emerging companies. Core expertise is in taxation, corporate strategy, structuring capital raising and commercial negotiations.
Other ASX Listed Directorships:	Nil.

OPERATING AND FINANCIAL REVIEW

Principal Activities

The principal activities of the Group, through its Indonesian operating subsidiary, is as an Apple Authorised Reseller and IT life style product retailer with 28 stores in 10 cities throughout Indonesia and Vietnam.

Operating Results

The operating profit after income tax of the Group for the year ended 30 June 2018 was $1,757,144 (2017: profit of $1,028,016).

Review of Operations

Revenue increased 11.7% to $29.69 million versus $26.57 million in the prior year. In 2HFY2018 the contribution from the eStore acquisition led to an overall increase in revenue. However, the increase in revenue was partially offset by an on-going store review which resulted in the closure of 3 marginal stores during the second half year of FY2018.

- The gross profit increased by 63.9% to $6.95 million from $4.24 million in the prior year. The gross margin improved to 23.39% versus a gross margin of 15.97% in the prior year. The operating profit after tax increased by 70.9% to $1.76 million compared to an operating profit after tax of $1.03 million in the prior year. The net margin improved to 5.9% up from 3.9% in the prior year. The better margins were attributable to the attainment of Apple Premium Reseller status which not only provided better margins from the Apple products but also entitled the Company to volume rebates and marketing funds. The margins were also boosted by the better variety of iPhones made available by Apple. In addition to the launch of the latest iPhones 8 and X, Apple reduced the prices for the iPhone 6 models which due to its lower price point proved to be very popular with our customers and provided better gross margins overall. The sale of the various iPhone models also led to an increase in the sale of third-party accessories which made a significant contribution to gross margins.

- In the Education division, the Company continues to build the revenue contribution from this sector with a target of 15% of revenue by end FY2019. To achieve this, the Company will open 4 new campus stores and will bundle the supply of devices, third party solutions and service maintenance contracts which provides recurring income and better margins. The Company is collaborating with UBTech to introduce coding and programing in the school curricular. Our staff are working with the schools to develop a curricular and offer the material through enrichment programmes and after school lessons.

DIRECTORS' REPORT (continued)

Financial Position

The net assets of the Group were $13,928,291 as at 30 June 2018 ($9,022,389 as at 30 June 2017).

Significant Changes in the State of Affairs

The Group raised $3,000,000 (before expenses) in capital during the financial year via the issuance of 109,090,909 fully paid ordinary shares.

There were no other significant changes in the state of affairs of the Group during the financial year.

Dividends Paid or Recommended

The directors do not recommend the payment of a dividend and no dividends have been paid or declared since the start of the financial year.

Significant Events After Reporting Date

On 5 July 2018, the Company issued 24,000,000 fully paid ordinary shares at $0.025 per share to raise $600,000.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group or the state of affairs of the Group in future financial years.

Likely Developments and Expected Results

The Company expects to maintain the present status and level of operation and hence there are no likely unwarranted developments in the entity's operations.

Environmental Issues

The Group ensures the appropriate standard of environmental care is achieved and, in doing so, that it is aware of and is in compliance with all environmental legislation. The directors of the Company are not aware of any breach of environmental legislation for the year.

Proceedings on Behalf of the Group

No person has applied for leave of the Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

Indemnification of Officers and Insurance Premiums

The consolidated entity has not paid any premiums in respect of Directors' and Officers' insurance during the year (2017: $nil).

Options

At the date of this report, there were 7,250,009 (2017: 7,250,009) ordinary shares of Story-i Limited under option. The 7,250,009 options have exercise prices of $0.065 and expiry dates of 22 July 2019.

DIRECTORS' REPORT (continued)

Risk Management

The Board is responsible for ensuring that risks and opportunities are identified in a timely manner and that activities are aligned with the risks and opportunities identified by the Board.

Meetings of Directors

During the financial year, 7 meetings of directors were held. Attendances by each director during the year were as follows:

	Board Meetings	
	No. of meetings eligible to attend	Number attended
Mr Djohan Widodo	7	7
Mr Michael Chan	7	7
Mr Michael Pixley	7	7
Mr Han Peng Lee	3	3
Mr Desmond Ong	1	0

REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for directors and executives of the Group.

Remuneration Policy

The remuneration policy of Story-I Limited aligns director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and, where the Board believes it appropriate, may also include specific long-term incentives based on key performance areas affecting the Group's ability to attract and retain the best executives and directors to run and manage the Group.

The remuneration policy setting out the terms and conditions for the executive directors and other senior executives was developed by the Board. All executives receive a base salary (which is based on factors such as ability and experience). The Board reviews executive packages annually by reference to the economic entity's performance, executive performance, and comparable information from industry sectors and other listed companies in similar industries. The performance of any executive directors is measured against the objective of promoting growth in shareholder value.

The Board may exercise discretion in relation to approving incentives, bonuses, and options. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth. Executives may, where the Board believes it appropriate, participate in employee share and option arrangements.

The Board policy is to remunerate directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to directors and reviews their remuneration annually based on market practice, duties and accountability. Independent external advice is sought when required.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (AUDITED)

Performance Based Remuneration

There was nil performance-based remuneration for the year ended 30 June 2018.

Key management personnel service agreements

Michael Pixley has an agreement in place with Story-i Ltd in which he is paid $3,000 per month for director fees. The agreement may be terminated by either party by giving 3 months' notice.

There are no other agreements with key management personnel.

Key Management Personnel Remuneration

(a) Key management personnel compensation

2018	Short-term benefits			Post-employment benefits				
Name	Cash salary and fees	Perfor-mance Bonus	Non-monetary benefits	Super-annuation	Retirement benefits	Other	Total	Performance related compensation as % of total remuneration
	$	$	$	$	$	$	$	%
Directors								
Djohan Widodo	-	-	-	-	-	-	-	-
Michael Chan	120,000	-	-	-	-	-	120,000	-
Michael Pixley	33,000	-	-	-	-	-	33,000	-
Peng Lee	15,000	-	-	-	-	-	15,000	-
Desmond Ong	6,000	-	-	-	-	-	6,000	-
Totals	**174,000**	**-**	**-**	**-**	**-**	**-**	**174,000**	**0.0%**

2017	Short-term benefits			Post-employment benefits				
Name	Cash salary and fees	Perfor-mance Bonus	Non-monetary benefits	Super-annuation	Retirement benefits	Other	Total	Performance related compensation as % of total remuneration
	$	$	$	$	$	$	$	%
Directors								
Djohan Widodo	-	-	-	-	-	-	-	-
Michael Chan	120,000	-	-	-	-	-	120,000	-
Michael Pixley	42,000	-	-	-	-	-	42,000	-
Totals	**162,000**	**-**	**-**	**-**	**-**	**-**	**162,000**	**0.0%**

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (AUDITED) (continued)

Key Management Personnel Remuneration (continued)

b) Options and rights granted as remuneration

No options or rights were granted as remuneration during the year (2017: $nil).

c) Share Based Payments

There was no share-based payments during the year (2017: $nil).

Directors' Relevant Interests

The relevant interest of each director in the capital of the Company at the date of this report is as follows:

Director	*No of Ordinary Shares*	*No of Options over Ordinary Shares*
Djohan Widido	-	-
Michael Chan	25,160,000	-
Michael Pixley	20,000	-
Han Peng Lee	18,000,000	-

END OF REMUNERATION REPORT

Non-Audit Services

There weren't any non-audit services provided by the entity's auditor, Bentleys NSW Audit Pty Ltd, for the reporting period.

Auditor's Independence Declaration

We have obtained an Auditor's Independence Declaration. Please refer to "Auditor's Independence Declaration" included on page 41 of the financial statements.

The Directors' Report, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.

Michael Pixley
Non-Executive Director

Dated at Perth this 28th day of September 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 30 June 2018

	Note	Consolidated Group 2018 $	2017 $
Revenue from sale of goods	2 (a)	29,694,141	26,567,670
Cost of sales	2 (d)(i)	(22,747,738)	(22,324,475)
Gross Profit		**6,946,403**	**4,243,195**
Other income	2 (b)	813,676	253,317
Marketing expenses		(997,998)	(702,801)
Other expenses	2 (c)	(2,735,785)	(1,602,204)
Interest expense	2 (d)(i)	(463,663)	(340,115)
Depreciation expense		(403,655)	(341,466)
Foreign exchange gain / (loss)		(370,584)	19,710
Bad debts written off		(86,706)	-
Profit before income tax	2 (d)	**2,701,688**	**1,529,636**
Income tax expense	3	(824,897)	(434,255)
Profit after income tax		**1,876,791**	**1,095,381**
Profit attributable to:			
Equity holders of the parent entity		1,757,144	1,028,016
Non-controlling interests		119,647	67,365
Profit for the year		**1,876,791**	**1,095,381**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations, net of tax		(192,617)	(459,596)
Total comprehensive income for the year		1,684,174	635,785
Total comprehensive income for the year attributable:			
Equity holders of the parent entity		1,577,515	583,899
Non-controlling interests		106,659	51,886
Total comprehensive income for the year		1,684,174	635,785
Basic earnings per share (cents)	17	0.73	0.69
Diluted earnings per share (cents)	17	0.71	0.66

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 June 2018

	Note	Consolidated Group 2018 $	2017 $
ASSETS			
Current Assets			
Cash and cash equivalents	18 (b)	1,918,458	657,617
Trade and other receivables	5	13,361,850	9,522,227
Inventories	7	5,192,151	3,790,336
Current tax receivable		208,766	-
Other	8	514,138	507,717
Total Current Assets		21,195,363	14,477,897
Non-Current Assets			
Plant and equipment	6	1,677,084	617,879
Intangibles	6	1,015,639	349,141
Other	8	410,915	-
Deferred tax assets		42,355	40,098
Total Non-Current Assets		3,145,993	1,007,118
TOTAL ASSETS		24,341,356	15,485,015
LIABILITIES			
Current Liabilities			
Trade and other payables	9	6,696,433	3,011,123
Proceeds received for shares		600,000	-
Borrowings	10	1,706,077	2,193,530
Total Current Liabilities		9,002,510	5,204,653
Non-Current Liabilities			
Trade and other payables	9	1,241,133	1,097,581
Provisions	11	169,422	160,392
Total Non-Current Liabilities		1,410,555	1,257,973
TOTAL LIABILITIES		10,413,065	6,462,626
NET ASSETS		13,928,291	9,022,389
EQUITY			
Contributed equity	12	6,936,553	3,714,825
Retained earnings	13	6,824,326	5,067,182
Foreign currency translation reserve		(333,013)	(153,384)
Parent interests		13,427,866	8,628,623
Non-controlling interests	14	500,425	393,766
TOTAL EQUITY		13,928,291	9,022,389

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2018

	Contributed Equity	Retained Earnings	Foreign Currency Translation Reserve	Total	Non-Controlling Interests	Total Equity
	$	$	$	$	$	$
2017						
Balance at 1 July 2016	3,056,753	4,039,166	290,733	7,386,652	341,880	7,728,532
Total profit for the year after tax	-	1,028,016	-	1,028,016	67,365	1,095,381
Other comprehensive income						
Exchange differences on translation of foreign operation	-	-	(444,117)	(444,117)	(15,479)	(459,596)
Total other comprehensive income for the year	-	1,028,016	(444,117)	583,899	51,886	635,785
Total comprehensive income for the year						
Issue of shares (less share issue costs)	658,072	-	-	658,072	-	658,072
Balance at 30 June 2017	3,714,825	5,067,182	(153,384)	8,628,623	393,766	9,022,389
2018						
Balance at 1 July 2017	3,714,825	5,067,182	(153,384)	8,628,623	393,766	9,022,389
Total profit for the year after tax	-	1,757,144	-	1,757,144	119,647	1,876,791
Other comprehensive income						
Exchange differences on translation of foreign operation	-	-	(179,629)	(179,629)	(12,988)	(192,617)
Total other comprehensive income for the year	-	1,757,144	(179,629)	1,577,515	106,659	1,684,174
Total comprehensive income for the year						
Issue of shares (less share issue costs)	3,221,728	-	-	3,221,728	-	3,221,728
Balance at 30 June 2018	6,936,553	6,824,326	(333,013)	13,427,866	500,425	13,928,291

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 30 June 2018

	Note	Consolidated Group 2018 $	2017 $
Cash flows from operating activities			
Receipts from customers		29,023,269	25,176,005
Payments to suppliers and employees		(26,234,591)	(25,376,865)
Income tax paid		(1,033,663)	(434,255)
Interest received		130,893	-
Interest paid		(463,663)	(322,033)
Other receipts		682,782	253,317
Net cash provided by / (used) in operating activities	18 (a)	2,105,027	(703,831)
Cash flows from investing activities			
Payments for plant and equipment and intangibles		(1,490,928)	(43,324)
Payments for acquisition of eStore business		(2,336,386)	-
Refunds from security deposits		-	87,294
Payments for intangible assets		-	(100,845)
Net cash used in investing activities		(3,827,314)	(56,875)
Cash flows from financing activities			
Proceeds from issue of shares (net of share issue costs)		2,818,603	658,072
Proceeds for share issue received in advance		600,000	-
Proceeds from / (repayments of) bank loans		34,125	(104,868)
Proceeds from / (repayments of) other borrowings		(469,600)	500,000
Proceeds from convertible notes		-	150,000
Net cash provided by financing activities		2,983,128	1,203,204
Net increase in cash held		1,260,841	442,498
Cash and cash equivalents at the beginning of the financial year		657,617	215,119
Cash and cash equivalents at the end of the financial year	18 (b)	1,918,458	657,617

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

Note 1 Statement of Significant Accounting Policies

The financial report covers Story-I Limited, a for-profit public company incorporated and domiciled in Australia, and its controlled entities PT Inetindo Infocom and Story-I Pte Ltd (the "Group").

The financial report was authorised for issue on 28 September 2018 by the Board of Directors.

The Directors have the power to amend and reissue the financial statements after the date of authorisation.

Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

Material accounting policies adopted in preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Going Concern

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

For the year ended 30 June 2018, the consolidated entity earned after tax profit of $1,757,144 (2017: $1,028,016) and the consolidated entity had net cash inflows of $1,260,841 (2017: $442,498).

The Directors believe that it is reasonably foreseeable that the Company and consolidated entity will continue as going concerns and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- The consolidated entity has cash at bank at the reporting date of $1,918,458, net working capital of $12,192,853 and net assets of $13,928,291;
- The ability of the Group to raise capital by the issue of additional shares under the Corporations Act 2001; and
- The ability to curtail administration and operational cash out flows as required.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

Note 1 Statement of Significant Accounting Policies (continued)

Accounting Policies

a) Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent, Story-I Limited and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it 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 over the entity. A list of the subsidiaries is provided in Note 25.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

Business combinations

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

Note 1 Statement of Significant Accounting Policies (continued)

b) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. When the inflow of consideration is deferred, it is treated as the provision of financing and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

c) Income Tax

The income tax expense / (revenue) for the year comprises current income tax expense (income) and deferred tax expense / (income). Current income tax expense charged to the profit of loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

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

Current and deferred income tax expense (income) is charged or credited directly to equity instead of profit or loss when the tax related to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates enacted or substantially enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

Note 1 Statement of Significant Accounting Policies (continued)

d) Financial Instruments

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Classification and Subsequent Measurement

i. *Financial assets at fair value through profit or loss*

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designed as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

ii. *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

iii. *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company’s intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

iv. *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

v. *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

Note 1 Statement of Significant Accounting Policies (continued)

d) Financial Instruments (continued)

Fair value

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard. Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use. The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

Valuation Techniques

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

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

Note 1 Statement of Significant Accounting Policies (continued)

d) Financial Instruments (continued)

Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

The Group would change the categorisation within the fair value hierarchy only in the following circumstances:

(i) if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or
(ii) if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (ie transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

f) Impairment of Assets

At each reporting date, the entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to profit or loss.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

Note 1 Statement of Significant Accounting Policies (continued)

f) Impairment of Assets (continued)

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

g) Plant and Equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset.

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

Note 1 Statement of Significant Accounting Policies (continued)

g) Plant and Equipment (continued)

Depreciation

The depreciable amount of all fixed assets, is depreciated on a straight-line basis over the asset's useful life to the Group commencing from the time the asset is held ready for use.

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

Class of fixed asset	**Depreciation rate**
Property and equipment	25%

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

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

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

h) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and deposits held at call with banks.

i) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. 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.

j) 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. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

Note 1 Statement of Significant Accounting Policies (continued)

k) Earnings per Share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Group, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

(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 income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

l) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to the economic entity, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

m) Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

n) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of directors.

o) Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

Note 1 Statement of Significant Accounting Policies (continued)

p) Trade and Other Payables

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

q) Foreign Currency Transactions Balances

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, which is the legal parent (accounting acquiree) entity's functional currency.

Transactions and balances

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

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

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

Group companies

The financial results and position of foreign operations, whose functional currency is different from the Group's presentation currency, are translated as follows:

- assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. These differences are recognised in profit or loss in the period in which the operation is disposed of.

r) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate proportion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs.

s) Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance. They are recognised only if it is probable the asset will generate future benefits for the Group. Those assets with an indefinite useful life are treated for impairment annually. All intangible assets must be tested for impairment when there is an indication that its carrying amount may be greater than its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

Note 1 Statement of Significant Accounting Policies (continued)

s) Intangible assets (continued)

Computer Software Costs

Certain internal and external costs directly incurred in acquiring and developing software are capitalised and amortised over the estimated useful life.

Goodwill

Goodwill arising on the acquisition of an entity or business represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition.

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each balance sheet date.

Goodwill is not subject to amortisation but is tested for impairment annually.

t) Critical Accounting Estimates and Other Accounting Judgements

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

The Company is of the view that there are no critical accounting estimates and judgements in this financial report.

u) New Standards and Interpretations Not Yet Adopted

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

- AASB 9: Financial Instruments and Associated Amending Standards (applicable for annual reporting periods commencing 1 January 2018).

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

The directors anticipate that the adoption of AASB 9 will not have a material impact on the Group's financial instruments.

- AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods commencing on or after 1 January 2018).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

Note 1 Statement of Significant Accounting Policies (continued)

u) New Standards and Interpretations Not Yet Adopted (continued)

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

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

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

This Standard will require retrospective restatement, as well as enhanced disclosures regarding revenue.

The directors anticipate that the adoption of AASB 15 will not have a material impact on the Group's revenue recognition and disclosures.

• AASB 16: Leases (applicable to annual reporting periods commencing on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as either operating leases or finance leases. Lessor accounting remains similar to current practice.

The main changes introduced by the new Standard are as follows:

- recognition of the right-to-use asset and liability for all leases (excluding short term leases with less than 12 months of tenure and leases relating to low value assets);

- depreciating the right-to-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;

- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;

- application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and

- additional disclosure requirements.

The transitional provisions of AASB 16 allow a lease to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity at the date of initial application.

The directors anticipate that the adoption of AASB 16 will not have a material impact on the Group's recognition of leases and disclosures.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

Note 1 Statement of Significant Accounting Policies (continued)

v) 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: Revenue and Expenses

	Consolidated Group	
	2018 **$**	**2017** **$**
a) Revenue		
Sale of goods	29,694,141	26,567,670
b) Other income		
Sundry income	682,782	253,317
Interest income	130,894	-
	813,676	253,317
c) Other expenses		
General and administrative	(2,351,685)	(1,341,003)
Accounting and audit fees	(61,170)	(71,210)
Professional fees	(148,930)	(27,991)
Director fees	(174,000)	(162,000)
	(2,735,785)	(1,602,204)

d) Profit for the year

Profit before income tax from continuing operations includes the following specific expenses:

	2018 $	2017 $
(i) Expenses		
Cost of sales	(22,747,738)	(22,324,475)
Interest expense on financial liabilities not at fair value through profit or loss:		
- related parties	-	-
- unrelated parties	(463,663)	(340,115)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

Note 3: Income Tax

(a) Income tax recognised in profit

The Group has recorded an income tax expense of $824,897 (2017: $434,255) in the profit for the year.

(b) Numerical reconciliation between income tax expense and the profit before income tax.

	Consolidated Group	
	2018	**2017**
	$	**$**
Profit before income tax	2,701,688	1,529,636
Prima facie income tax expense at the Australian rate 30%	(810,506)	(458,890)
Tax effect of:		
Amounts which are not (deductable) / assessable in calculating taxable income	33,907	22,949
Temporary differences	8,599	8,551
Deferred tax asset not recognised	(180,006)	(89,974)
Difference in foreign income tax rate	123,109	83,109
Income tax expense	(824,897)	(434,255)

(c) Unrecognised deferred tax balances

	Consolidated Group	
Provision for expenses	51,082	40,502
Capital raising costs	238,597	206,255
Revenue tax losses carried forward	1,168,872	656,505
	1,458,551	903,262
Potential tax benefit at 30%	437,565	270,978

Note 4: Dividends

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

Note 5: Trade and Other Receivables

	Consolidated Group	
	2018	**2017**
	$	**$**
Current		
Trade debtors	3,111,239	3,411,048
Prepayments	607,949	294,451
Advance payment	2,011,106	2,131,093
Other receivables	7,631,556	3,685,635
	13,361,850	9,522,227

(i) None of the trade and other receivables are past due date.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

Note 6: Plant and Equipment and Intangibles

	Plant and equipment $	Intangibles (i) $
Balance at 1 July 2016	951,710	248,296
Additions / (disposals)	43,324	100,845
(Depreciation) / writeback on disposals	(341,466)	-
Impact of foreign exchange rates	(35,689)	-
Balance at 30 June 2017	617,879	349,141
At cost	1,643,664	349,141
Accumulated depreciation	(1,025,785)	-
Balance at 30 June 2017	617,879	349,141
Balance at 1 July 2017	617,879	349,141
Additions / (disposals)	1,490,928	1,015,639
(Depreciation) / writeback on disposals	(403,655)	(349,141)
Impact of foreign exchange rates	(28,068)	-
Balance at 30 June 2018	1,677,084	1,015,639
At cost	3,069,011	1,015,639
Accumulated depreciation	(1,391,927)	-
Balance at 30 June 2018	1,677,084	1,015,639

(i) As at 30 June 2018, intangible assets is the fair value of licenses obtained by the Group via the acquisition of eStore.

Impairment test for Goodwill
Goodwill is allocated to a single cash generating unit ('CGU'), which is based on the group's operating segment. The recoverable amount of a CGU is determined based on value in use calculations. These calculations use a pre-tax discount rate of 10% and cash flow projections based on financial budgets approved by management covering a one year period. Cash flows beyond one year period are extrapolated using the estimated growth rates sales. The growth rate does not exceed the long term average growth rate for the business.

Impact of possible changes in assumptions – sensitivity analysis
Any reasonable possible change in assumptions would not cause the carrying amount of the CGU to exceed its recoverable amount.

Note 7: Inventories

	Consolidated Group 2018 $	2017 $
At cost:		
Finished goods	5,192,151	3,790,336

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

Note 8: Other assets

	Consolidated Group	
	2018	**2017**
	$	**$**
Current		
Restricted deposits	514,138	507,717
Non-Current		
Restricted deposits	410,915	-

Note 9: Trade and Other Payables

	Consolidated Group	
	2018	**2017**
Current	**$**	**$**
Trade creditors	1,175,812	2,251,170
Taxes payable	839,356	486,421
Related party payables	-	15,358
Other payables	4,681,265	258,174
Total current trade and other payables	6,696,433	3,011,123

	Consolidated Group	
Non-Current		
Amounts payable to former shareholder	1,241,133	1,097,581

None of the payables are past due date.

Note 10: Borrowings

	Consolidated Group	
	2018	**2017**
	$	**$**
Bank loan (i)	1,507,595	1,525,448
Other loan	30,400	500,000
Convertible notes and interest	168,082	168,082
Total current borrowings	1,706,077	2,193,530

(i) The consolidated group is a party to a bank loan held through the Indonesian subsidiary PT Inetindo Infocom. The bank loan is drawn down in both United States dollars and Indonesian Rupiah ("IDR"). The bank loan is secured by a CTBCI Time deposit amounting to IDR 4,800,000,000 in the name of the subsidiary company, PT Inetindo Infocom.

Note 11: Provisions

	Consolidated Group	
	2018	**2017**
	$	**$**
Non-Current		
Employee post-employment benefits	169,422	160,392

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

Note 12: Contributed Equity

	Consolidated Group 2018 $	2017 $
a) Paid up capital		
273,367,046 ordinary shares (30 June 2017: 149,617,047 ordinary shares "restated")	6,936,553	3,714,825

b) Movements in shares on issue	No of shares	Paid up capital $
Balance at 30 June 2016	137,117,047	3,056,753
Issue of shares (less share issue costs)	12,500,000	658,072
Balance at 30 June 2017	149,617,047	3,714,825
Issue of shares (less share issue costs)	123,749,999	3,221,728
Balance at 30 June 2018	273,367,046	6,936,553

c) Movements in options on issue

There was nil (2017: 7,250,009) options issued and 7,250,009 (2017: 7,250,009) outstanding options over unissued ordinary shares during the year. All options have an exercise price of $0.065, and an expiring date of 22 July 2019.

d) Ordinary shares

Ordinary shares have the right to receive dividends as declared and, in the event of winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Note 13: Retained earnings

	Consolidated Group 2018 $	2017 $
Opening balance beginning of the year	5,067,182	4,039,166
Net profit for the year	1,757,144	1,028,016
Closing balance end of the year	6,824,326	5,067,182

Note 14: Non-controlling interests

	Consolidated Group 2018 $	2017 $
Opening balance beginning of the year	393,766	341,880
Share of net profit for the year	119,647	67,365
Share of foreign currency translation reserve	(12,988)	(15,479)
Closing balance end of the year	500,425	393,766

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

Note 15: Interests of Key Management Personnel

a) Key management personnel compensation

Refer to the Remuneration Report contained in the Director's Report for details of the remuneration paid to each member of the Group's key management personnel for the year ended 30 June 2018.

The totals of remuneration paid to key management personnel of the Group during the year are as follows:

	Consolidated Group	
	2018	**2017**
	$	**$**
Short-term employee benefits (i)	174,000	162,000
Performance bonus	-	-
Other payments	-	-
Post-employment benefits	-	-
	174,000	162,000

(i) Includes payments for salaries, director fees and consulting fees.

b) Key management personnel shareholdings

The number of ordinary shares in Story-I Limited held by each key management personnel of the Group during the financial year is as follows:

2018

	Balance 1 July 2017	At Appointment (if after 1 July 2017)	Acquired/ Disposed	At Resignation	Balance 30 June 2018
Directors					
Djohan Widodo	23,000,000	-	(23,000,000)	-	-
Michael Chan	25,100,000	-	60,000	-	25,160,000
Michael Pixley	20,000	-	-	-	20,000
Peng Lee	-	-	18,000,000	-	18,000,000
Desmond Ong	-	-	4,375,000	(4,375,000)	-
Totals	**48,120,000**	**-**	**(565,000)**	**(4,375,000)**	**43,180,000**

2017

	Balance 1 July 2016	At Appointment (if after 1 July 2016)	Acquired/ Disposed	At Resignation	Balance 30 June 2017
Directors					
Djohan Widodo	23,000,000	-	-	-	23,000,000
Michael Chan	3,000,000	-	22,100,000	-	25,100,000
Michael Pixley	20,000	-	-	-	20,000
Totals	**26,020,000**	**-**	**22,100,000**	**-**	**48,120,000**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

Note 16: Related Party Transactions

The Group's Indonesian subsidiary company PT Inetindo Infocom had a current trade and other receivable at 30 June 2018 of IDR11,423,675,529 (AUD1,076,487) (30 June 2017: payable of AUD15,358) from PT Sigmadata Indonesia. A commissioner of PT Inetindo Infocom is also a director of PT Sigmadata Indonesia.

Terms and conditions
All transactions were made on normal commercial terms and conditions at market rates.

There were no other transactions and balances with directors and other key management personnel.

Note 17: Earnings Per Share

	Consolidated Group	
	2018	**2017**
	$	**$**
a) Basic Earnings Per Share		
Profit used in calculating basic earnings per share	1,757,144	1,028,016
Weighted average number of ordinary shares on issue during the year used as the denominator in calculating basic earnings per share	240,819,101	148,863,622
Basic earnings per share (cents)	0.73	0.69
b) Diluted earnings per share (cents)	0.71	0.66

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

Note 18: Cash Flow Information

a) Reconciliation of the net loss after income tax to the net cash flows from operating activities	Consolidated Group	
	2018	**2017**
	$	**$**
Net profit after tax for the year	1,757,144	1,028,016
Depreciation	403,655	341,466
Unrealised foreign exchange (gains) / losses	370,584	(390,346)
Bad debts written off	86,706	-
Non-controlling interest in net profit for the year	106,660	51,885
Changes in assets and liabilities		
(Increase) / decrease in trade and other receivables	(3,846,044))	(1,391,665)
(Increase) / decrease in current tax receivable	(208,766)	-
(Increase) / decrease in other assets	(410,915)	-
(Increase) / decrease in inventory	(1,401,815)	(418,060)
(Increase) / decrease in deferred tax asset	(2,257)	(5,296)
Increase / (decrease) in trade and other creditors	3,853,368	59,089
Increase / (decrease) in provisions	9,030	21,080
Increase in net assets acquired from eStore	1,387,677	-
Net cash outflow from operating activities	2,105,027	(703,831)
	$	**$**
(b) Reconciliation of cash and cash equivalents		
Cash balance comprises:		
- cash assets	1,918,458	657,617

(c) Non-cash financing activities

On 4 October 2017, the Company issued 14,659,090 fully paid ordinary shares at $0.0275 per share as non-cash consideration for the acquisition of eStore.

There were no other non-cash financing or investing activities during the year ended 30 June 2018.

Note 19: Expenditure Commitments

The Group has certain operating commitments pertaining to non-cancellable operating leases and other non-cancellable agreements contracted for but not recognised in the financial statements:

	Consolidated Group	
	2018	**2017**
	$	**$**
Not later than one year	1,365,741	617,231
Between one and five years	5,462,963	3,145,364
	6,828,704	3,762,595

Note 20: Auditor's Remuneration

	Consolidated Group	
	2018	**2017**
	$	**$**
Statutory audit by auditor of the parent company	39,000	27,000
Other non-audit services	-	-
Statutory audit by auditor of PT Inetindo Infocom	5,654	9,267

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

Note 21: Segment Information

The Consolidated Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The Consolidated Group operates in the segments of investment within Australia and Singapore, and sale of retail goods in the Republic of Indonesia.

Story-I Ltd is domiciled in Australia. All revenue from external parties is generated from the Republic of Indonesia only. Segment revenues are allocated based on the country in which the party is located. Operating revenues of approximately Nil (2017: Nil) are derived from a single external party.

All the assets are located in Australia, Singapore and the Republic of Indonesia. Segment assets are allocated to countries based on where the assets are located.

Reportable segments:	**Australia**	**Singapore**	**Republic of Indonesia**	**Consolidated**
	$	**$**	**$**	**$**
Segment revenue				
2018	-	-	29,694,141	29,694,141
2017	-	-	26,567,670	26,567,670
Segment result				
2018	(515,204)	(947)	2,392,942	1,876,791
2017	(217,115)	(34,804)	1,347,300	1,095,381
Segment assets				
2018	604,895	2,899	23,743,562	24,351,356
2017	94,184	22,559	15,368,272	15,485,015
Segment liabilities				
2018	(917,526)	(59,536)	(9,436,003)	(10,413,065)
2017	(730,430)	(75,486)	(5,656,710)	(6,462,626)
Income tax expense				
2018	-	-	(824,897)	(824,897)
2017	-	-	(340,115)	(340,115)
Depreciation and amortisation expense				
2018	-	-	(403,655)	(403,655)
2017	-	-	(341,466)	(341,466)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

Note 22: Financial Risk Management Objectives and Policies

a) Interest rate risk

The Group's exposure to interest rate risk which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rate for each class of financial assets and financial liabilities as set out below:

	Weighted average interest rate (%)	Floating interest rate $	Fixed interest maturing 1 year or less $	Fixed interest maturing 1 to 5 years $	Non-interest bearing	Total $
2018						
Cash and cash equivalents	3.94	1,314,228	-	-	604,230	1,918,458
Other assets	-	-	-	-	925,053	925,053
Trade and other receivables	-	-	-	-	13,361,850	13,361,850
Trade and other payables	1.56	(1,241,133)	-	-	(6,696,433)	(7,937,566)
Provisions	-	-	-	-	(169,422)	(169,422)
Borrowings	9.94	(1,507,595)	(168,082)	-	(30,400)	(1,706,077)
2017						
Cash and cash equivalents	2.27	230,006	-	-	427,611	657,617
Other assets	-	-	-	-	507,717	507,717
Trade and other receivables	-	-	-	-	9,522,227	9,522,227
Trade and other payables	2.67	(1,097,581)	-	-	(3,011,123)	(4,108,704)
Provisions	-	-	-	-	(160,392)	(160,392)
Borrowings	7.82	(1,525,448)	(168,082)	-	(500,000)	(2,193,530)

Interest rate sensitivity analysis

At 30 June 2018, if interest rates had changed by 25 basis points during the entire year with all other variables held constant, profit for the year and equity would have been $1,000 higher/lower (2017: $3,000), mainly as a result of higher/lower interest income from cash and cash equivalents, and interest expense on borrowings.

A 25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

(b) Credit risk

The maximum exposure to credit risk at reporting date on financial assets of the Group is the carrying amount, net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to the financial statements.

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties. The class of assets described as "trade and other receivables" is considered to be the main source of credit risk related to the Group.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

Note 22: Financial Risk Management Objectives and Policies (continued)

(b) Credit Risk (continued)

Credit risk is managed through the maintenance of procedures (such as the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counterparties), ensuring to the extent possible that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating, or in entities that the Group has otherwise assessed as being financially sound.

(c) Liquidity risk

The Group manages liquidity risk by monitoring forecast cash flows.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period from the statement of financial position date to the contractual maturity date. As the amounts disclosed in the table are the contractual undiscounted cash flows, these balances will not necessarily agree with the amounts disclosed in the statement of financial position.

	Less than 6 months $	**6 months to 1 year $**	**1 to 5 years $**	**Total $**
30 June 2018				
Financial liabilities due for payment				
Trade and other payables	(6,696,433)	-	(1,241,133)	(7,937,566)
Borrowings	(30,400)	(1,675,677)	-	(1,706,077)
Provisions	-	(169,422)	-	(169,422)
	(6,726,833)	(1,845,099)	(1,241,133)	(9,813,065)
Financial assets – cash flows realisable				
Cash assets	1,918,458	-	-	1,918,458
Trade and other receivables	13,361,850	-	-	13,361,850
Other	-	925,053	-	925,053
	15,280,308	925,053	-	16,205,361
Net (outflow)/inflow on financial instruments	**8,553,475**	**(920,046)**	**(1,241,133)**	**6,392,296**
30 June 2017				
Financial liabilities due for payment				
Trade and other payables	(3,011,123)	-	(1,097,581)	(4,108,704)
Borrowings	(500,000)	(1,693,530)	-	(2,193,530)
Provisions	-	(160,392)	-	(160,392)
	(3,511,123)	(1,853,922)	(1,097,581)	(6,462,626)
Financial assets – cash flows realisable				
Cash assets	657,617	-	-	657,617
Trade and other receivables	9,522,227	-	-	9,522,227
Other	-	507,717	-	507,717
	10,179,844	507,717	-	10,687,561
Net (outflow)/inflow on financial instruments	**6,668,721**	**(1,346,205)**	**(1,097,581)**	**4,224,935**

There were no Level 2 or Level 3 financial instruments.

Note 22: Financial Risk Management Objectives and Policies (continued)

(d) Foreign exchange risk

The Company is exposed to foreign exchange risk as certain transactions are denominated in United States Dollars, Singapore Dollars, Indonesian Rupiah and Vietnamese Dong as a result of operating in Singapore, Indonesia and Vietnam.

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group.

With instruments being held by overseas operations, fluctuations in the US dollar, Indonesian Rupiah, Singapore Dollar and Vietnamese Dong may impact on the Group's financial results unless those exposures are appropriately hedged.

(e) Net fair value of financial assets and liabilities

The carrying amounts of financial instruments included in the statement of financial position approximate their fair values.

Note 23: Events Subsequent to Reporting Date

On 5 July 2018, the Company issued 24,000,000 fully paid ordinary shares at $0.025 per share to raise $600,000.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group or the state of affairs of the Group in future financial years.

Note 24: Contingent Liabilities

There are no contingent liabilities at reporting date.

Note 25: Controlled Entities

	Country of Incorporation	Percentage Controlled (%)	
		2018	2017
Subsidiaries of Story-I Limited:			
Story-I Pte Ltd	Singapore	100	100
PT Inetindo Infocom	Indonesia	95	95

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

Note 26: Parent Information

	2018 $	2017 $
Financial position		
Assets		
Current assets	604,895	94,184
Non-current assets	10,742,645	8,359,736
Total assets	11,347,540	8,453,920
Liabilities		
Current liabilities	917,526	730,430
Non-current liabilities	-	-
Total liabilities	917,526	730,430
Net Assets	**10,430,014**	**7,723,490**
Equity		
Issued capital	27,580,333	24,358,605
Accumulated Losses	(17,150,319)	(16,635,115)
Total equity	**10,430,014**	**7,723,490**
Financial performance		
Profit / (Loss) for the year	(515,204)	(321,334)
Other comprehensive income	-	-
Total comprehensive income	**(515,204)**	**(321,334)**

There are no guarantees entered into by the parent entity in relation to the debts of its subsidiaries.

There are no contingent liabilities of the parent entity as at the reporting date.

There are no contractual commitments by the parent entity for the acquisition of property, plant and equipment as at the reporting date.

Note 27: Business Combinations

Current year acquisitions
The group acquired a business known as eStores during the year for a total consideration of $2,739,511. The goodwill of $1,015,639 represents the value attributed to licenses and other non-recognisable intangible assets acquired.

Details of the acquisition are as follows:

	FAIR VALUE $
Other current assets	371,095
Property, plant and equipment	554,531
Inventory	794,099
Net assets acquired	1,719,725
Foreign exchange revaluations at 30 June 2018	4,147
Net assets acquired after foreign exchange revaluations	1,723,872
Goodwill	1,015,639
Acquisition-date fair value of the total consideration transferred	2,739,511
Representing:	
Cash paid to vendors	2,336,386
Fully paid ordinary shares issued to vendors	403,125
	2,739,511

Note 28: Company Details

The registered office and principal place of business of the Company is:

Level 5
23 -25 O'Connell Street
SYDNEY, NSW, AUSTRALIA, 2000

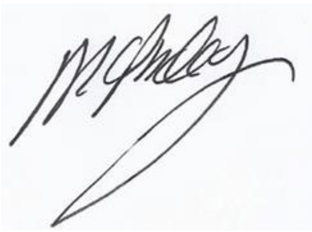
DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. the financial statements and notes, as set out on pages 10 to 39, are in accordance with the *Corporations Act 2001* and:
   a. comply with Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
   b. give a true and fair view of the financial position as at 30 June 2018 and of the performance for the year ended on that date of the group;
2. the directors have been given the declarations required by s295A of the *Corporations Act 2001* that:
   a. the financial records of the company for the financial year have been properly maintained in accordance with s 286 of the *Corporations Act 2001*;
   b. the financial statements and notes for the financial year comply with Accounting Standards; and
   c. the financial statements and notes for the financial year give a true and fair view; and
3. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the Directors:



Michael Pixley
Non-Executive Director

Dated at Perth this 28th day of September 2018

Bentleys
THINKING AHEAD

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bentleys.com.au

Story-I Limited
ACN 163 916 989

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Story-I Limited

As lead auditor for the audit of Story-I Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Bentleys NSW Audit Pty Ltd

Bentleys NSW Audit Pty Ltd

Robert Evett
Director

Sydney, 28 September 2018

Bentleys
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Story-I Limited and its Controlled Entities
ACN: 163 916 989

Independent Auditor's Report to the Members of Story-I Limited and its Controlled Entities

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Story-I Limited ("the Company") and its Controlled Entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2018, and 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, notes to the financial statements, including a summary of significant accounting policies, and the Directors' Declaration of the Group comprising of the Company and the entities it controlled at the year's end or from time to time during the year.

In our opinion:

a) the financial report of the Group is in accordance with the *Corporations Act 2001* including:

   i. giving a true and fair view of the Group's financial position as at 30 June 2018 and of its performance for the year ended on that date; and

   ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

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

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

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

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, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Impairment of Assets including investment in overseas entities Due to the current reduced share price there is a risk that the investment in overseas entities may be impaired. Due to these impairment indicators a review of the overseas investment has been carried out.	Our procedures included, amongst others; • Review of impairment models provided by management and we note that no impairment write-downs have been taken up in the current year. • We have carried out sensitivity analysis on the impairment models and are satisfied that the impairment consideration is sufficient.
Existence of Inventory Due to the highly saleable nature of the products, there is a risk that the inventory items may be susceptible to fraud.	Our procedures included, amongst others: • We have attended stocktake visits at random locations and conduct a test count of selected items, with counts agreed to final inventory listing, and obtained explanations for any variances noted. • We have reviewed the physical stocktake working papers. • We have reviewed the final stock listing for slow moving and obsolete stock. • We have enquired of management for any instances of fraud related to inventory.
Revenue recognition and the recoverability of trade receivables The nature of the contracts with customers creates the risk of revenue being incorrectly recognised. This may in turn impact on the recoverability of trade receivables. Similarly the large trade receivables balance presents an impairment issue, as some outstanding amounts may be unlikely to be recovered.	Our procedures included amongst others: • Substantive testing and analytical review have been completed surrounding revenue. • We have reviewed the impairment calculations provided by management and obtain explanation for variances considered. • We have enquired of management for any events or circumstances that may hinder upon the recoverability of receivables.
Impairment of goodwill and intangible assets The Group has recognised a goodwill balance of $620,000 as described in note 6 to the financial report. Goodwill must be tested in the current financial year and requires a comparison between the carrying value of the assets and its recoverable amount. Determination of the recoverable amount is based upon management estimates of future cash flows and the application of appropriate discount rates, and requires management to make significant estimates. Goodwill is allocated to a single cash generating unit ('CGU").	Our procedures included, amongst others: • We evaluated management's goodwill impairment assessment process and tested controls such as the review of forecasts by management. • We compared growth rates against those achieved historically as well as to external market data, where available. • We challenged key inputs to the models by corroborating the key market based assumptions to external analysis reports, published industry growth rates and industry reports. • We performed a range of sensitivity analysis on the CGU being the discount rate and terminal growth rate assumptions. • We assessed the Group's disclosures of both the quantitative and qualitative considerations in relation to the value of the goodwill.

Other Information

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

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' responsibility 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 directors determine is necessary to enable the preparation of the financial report that are free from material misstatement, whether due to fraud or error.

In Note 1, the directors also state, in accordance with Australian Accounting Standards AASB 101 Presentation of Financial Statements, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report , the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends 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 Statements

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

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 audit 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, amongst 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 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 consolidated 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 7 to 9 of the Directors' Report for the year ended 30 June 2018.

In our opinion the Remuneration Report of Story I Limited for the year ended 30 June 2018 complies with s300A 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 s300A 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.

Bentleys NSW Audit Pty Ltd

Bentleys NSW Audit Pty Ltd

Robert Evett
Director

Sydney, 28 September 2018

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Story-i Limited ("Story-I" or "Company") is responsible for the corporate governance of the Company. In developing its corporate governance policies Story-i has referred to recommendations within the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 3rd edition (CGPR) and developed the following policies which are contained within this Corporate Governance Statement:

- Corporate Governance Policy.
- Continuous Disclosure Policy.
- Code of Conduct
- Securities Trading Policy.
- Diversity Policy.

The Company's corporate governance practices during the financial year ended 30 June 2018 (Reporting Period) are reported below. Where the Company's corporate governance practices follow the CPGR the Board has provided appropriate statements reporting on the adoption of the CPGR. In compliance with the "if not, why not" reporting framework, where the Company's corporate governance practices differ from the relevant CPGR, the Board has explained its reasons for doing so and any alternative practice the Company may have adopted.

CORPORATE GOVERNANCE PRINCIPLES & RECOMMENDATIONS	**ADOPTED / NOT ADOPTED AND COMMENT**
Principle 1: Lay solid foundations for management and oversight	
1.1 Companies should disclose the roles and responsibilities of its board and management, those expressly reserved to the board and those delegated to management.	A The Company has formalised and disclosed the functions reserved to the Board and those delegated to management within its Corporate Governance Policy.
1.2 Companies should undertake appropriate checks prior to the appointment or election of a director and provide shareholders with information relevant to the election of the director.	A The Company undertakes appropriate checks before appointing a person or putting forward to shareholders a candidate for election or re-election as a Director and provides shareholders with all material information in its possession relevant to a decision on whether to elect or re-elect a Director.
1.3 Companies should have written agreements as to the appointment of directors and senior executives.	N/A The Company has not at this time, set out the terms of appointment with each Director and senior executive in written agreements. The Company believes that written agreements should be in place and is working towards this.
1.4 The company secretary should be accountable directly to the board, through the chairman, as to the proper functioning of the board.	A The Company Secretary is accountable directly to the Board as to the proper functioning of the Board, through the chairman.
1.5 Companies should have and disclose a diversity policy setting measurable objectives for achieving gender diversity and annually assess and disclose the objectives and progress towards their achievement.	NA The Company has disclosed its Diversity Policy within this Corporate Governance Statement. The Company's Diversity Policy does not mandate setting measurable objectives for achieving gender diversity as it is impractical to do so at this time. For the purposes of this statement and the Company's gender diversity, "senior executive" means a person who reports directly to the Board or Managing Director and/or who makes or participates in making decisions that could significantly affect the Company's operations.
Legend: A = Adopted. NA = Not Adopted.	

CORPORATE GOVERNANCE STATEMENT (continued)

CORPORATE GOVERNANCE PRINCIPLES & RECOMMENDATIONS	ADOPTED / NOT ADOPTED AND COMMENT
Principle 1: Lay solid foundations for management and oversight (continued)	
1.6 Companies should have and disclose processes for evaluating board, committee and director performance and disclose any performance evaluation undertaken.	A The Company's processes for evaluating the performance of the Board and its Directors are disclosed in the Company's Corporate Governance Policy. During the Reporting Period these evaluations took place in accordance with the process outlined in the Corporate Governance Policy.
1.7 Companies should have and disclose the process for evaluating senior executive performance and disclose any performance evaluation undertaken.	A The Company's processes for evaluating its senior executives are disclosed in the Company's Corporate Governance Policy. During the Reporting period the Board evaluated the performance of its senior executives in accordance with the process outlined in its Corporate Governance Policy and this involved determining and agreeing key performance outcomes (consistent with the Company's strategic and operational objectives) against which performance was both monitored and measured by the Board.
Principle 2: Structure the Board to add value	
2.1 (a) The Board should establish a nomination committee of at least three non-executive directors (a majority of whom are independent) chaired by an independent director and disclose: • The committee charter • The committee members • The frequency and attendees of the committee's meetings; or (b) If a nomination committee is not established then disclose its processes that ensure board succession, skills, knowledge, experience, independence and diversity.	A The Company has a small Board consisting of three Directors. The Board considers it desirable to use the full complement of knowledge, expertise and experience of all its Directors in making decisions and performing the functions usually associated with a Nomination Committee. The Company's Corporate Governance Policy and Diversity Policy disclose the processes pertaining to board succession, skills, knowledge, experience, independence and diversity.
2.2 Companies should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	A The Company has, in its Corporate Governance Policy and Diversity Policy, disclosed the mix of skills and diversity the Board currently has and considers desirable in its membership given the Company's stage of development.
2.3 Companies should disclose the names of directors considered by the board to be independent directors, any interest, position or association that the board considers does not compromise independence and why, and the length of each directors service.	A Three current Directors (messrs Chan, Pixley and Lee) hold shares in Story-i either directly or beneficially, meaning none of these three Directors are considered independent. Messr Widido does not hold shares and is considered independent. The Company has disclosed the names of its Directors, their position, relevant interests or associations and their length of service in the Company's 2018 Annual Financial Report for the Reporting Period.
Legend: A = Adopted. NA = Not Adopted.	

CORPORATE GOVERNANCE STATEMENT (continued)

CORPORATE GOVERNANCE PRINCIPLES & RECOMMENDATIONS	ADOPTED / NOT ADOPTED AND COMMENT
Principle 2: Structure the Board to add value (continued)	
2.4 A majority of the board should be independent directors.	NA As discussed above, only one of the Company's Directors are considered independent directors. As either shareholders or commercial advisors, the interests of Story-i's Directors should, in their judgements and decisions, be directly aligned with those of all other shareholders.
2.5 The Chairperson should be an Independent Director and, in particular, should not be the same person as the CEO of the entity.	NA The Company operated without a CEO during the Reporting Period.
2.6 Companies should have an induction program for new directors and provide professional development opportunities for directors to develop and maintain the skills and knowledge to perform their role as directors effectively.	A The Company has a stable board. An induction program will be provided to any new directors if and when a new director is appointed. Professional development opportunities are provided to the Directors as and when needed.
Principle 3: Act ethically and responsibly	
3.1 A company should have a code of conduct for its directors, senior executives and employees and disclose that code or a summary of it.	A The Company has disclosed its Code of Conduct further on in this Corporate Governance Statement.
Principle 4: Safeguard integrity in corporate reporting	
4.1 Companies should: (a) Have an audit committee which: (1) Has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) Is chaired by an independent director, who is not the chair of the board, and disclose: (3) The charter of the committee; (4) The relevant qualifications and experience of the members of the committee; and (5) In relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) If it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	NA The Company has a small Board consisting of four Directors. At this stage, the Company has not established an Audit Committee and the Board considers it desirable to use the full complement of knowledge, expertise and experience of all its Directors in making decisions regarding the Company's audit and the Company's external auditors. All four Directors are financially literate. In May 2017 the Company engaged its current accountant – a person with considerable experience as both an external auditor and group accountant for companies. The Company's external auditor was appointed after considering their experience with listed companies operating in foreign and domestic jurisdictions, the experience and quality of personnel involved with the Company's audit, their internal quality control measures, their approach and methodology in conducting the audit, references, and their awareness of professional requirements attaching to accounting and auditing standards including those pertaining to independence, confidentiality and conflicts of interest.
4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	A Prior to approving the financial report for the full year ended 30 June 2018, Story-i's Board received from the person acting as CEO and CFO declarations that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.
Legend: A = Adopted. NA = Not Adopted.	

CORPORATE GOVERNANCE STATEMENT (continued)

CORPORATE GOVERNANCE PRINCIPLES & RECOMMENDATIONS	ADOPTED / NOT ADOPTED AND COMMENT
Principle 4: Safeguard integrity in corporate reporting (continued)	
4.3 Companies should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	A In accordance with section 250S of the Corporations Act the external auditor will attend the AGM and the Chair will expressly provide the opportunity for shareholders attending the meeting to ask questions relevant to the audit. Should there be any written questions submitted to the auditor, the Chair will also ensure the opportunity for the external auditor to answer questions as required under section 250PA of the Corporations Act.
Principle 5: Make timely and balanced disclosure	
5.1 Companies should have a written policy for complying with its continuous disclosure obligations under the Listing Rules and disclose that policy or a summary of it.	A The Company has established written policies for complying with continuous disclosure obligations under the ASX Listing Rules which are disclosed within the Company's Continuous Disclosure Policy further on in this Corporate Governance Statement.
Principle 6: Respect the rights of security holders	
6.1 Companies should provide information about itself and its governance via its website.	N/A The Company provides information about itself on its website at www.story-i.com, and about its governance to investors via the ASX website.
6.2 Companies should design and implement an investor relations program to facilitate effective two-way communication with investors.	A The Company has designed and implemented an investor relations program to facilitate effective two-way communication with investors. The program is set out in the Company's Corporate Governance Policy (in the section entitled "Shareholders") and the Company's Continuous Disclosure Policy.
6.3 Companies should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	A Refer above – the Company's Corporate Governance Policy ((in the section entitled "Shareholders") and the Company's Continuous Disclosure Policy.
6.4 Companies should provide security holders with the option to receive communications from, and send communications to the entity and its share registry electronically.	A Shareholders are given the option to receive communications from, and send communications to the Company and its share registry electronically.
Principle 7: Recognise and manage risk	
7.1 The Company's Board should: (a) Have a committee or committees to oversee risk, each of which: (1) Has at least three members, a majority of whom are independent directors; and (2) Is chaired by an independent director, and disclose: (3) The charter of the committee; (4) The members of the committee; and (5) As at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) If it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	A Given the size and composition of the current Board it believes that no efficiencies are to be gained by establishing a separate Risk Committee. During the Reporting Period, responsibility for overseeing the Company's risk management rested with the Board. The Company's assessment of Business Risk is disclosed within its Corporate Governance Policy. During the Reporting Period the full Board reviewed and where necessary amended its risk management matrix and in so doing identified or confirmed business risks, assessed the likelihood and materiality of these risks, developed and implemented measures to mitigate these risks.
Legend: A = Adopted. NA = Not Adopted.	

CORPORATE GOVERNANCE STATEMENT (continued)

CORPORATE GOVERNANCE PRINCIPLES & RECOMMENDATIONS	**ADOPTED / NOT ADOPTED AND COMMENT**
Principle 7: Recognise and manage risk (continued)	
7.2 The Company's Board or a committee of the Board should review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and disclose, in relation to each reporting period, whether such a review has taken place.	A Refer above.
7.3 Companies should disclose if they have an internal audit function, how the function is structured and what role it per forms or, if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	A The Company does not have an internal audit function. Refer above (7.1) for further discussion.
7.4 Companies should disclose whether they have any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	A The Company faces economic and social risks that are largely inherent to the global and domestic economies, the industry, capital markets and the jurisdictions in which it operates. The Board has considered these risks in relation to a "material exposure threshold", as required under the CPGR, and put in place measures to reduce these risks to tolerable levels and, as defined in CPGR, there does not appear to be "a real possibility that the risk could substantively impact the Company's ability to create or preserve value for security holders …" in the foreseeable future.
Principle 8: Remunerate fairly and responsibly	
8.1 Companies should: (a) Have a remuneration committee which: (1) Has at least three members, a majority of whom are independent directors; and (2) Is chaired by an independent director, and disclose: (3) The charter of the committee; (4) The members of the committee; and (5) As at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) If it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives ensuring that such remuneration is appropriate and not excessive.	A Given the size and composition of the current Board it believes that no efficiencies are to be gained by establishing a separate Remuneration Committee. During the Reporting Period the Board followed the Company's Remuneration Policy as disclosed in the Director's Report on p.7 of the Company's Annual Financial Report for the year ended 30 June 2018. In doing so the Board employed policies and processes designed to ensure equitable and responsible levels and composition of remuneration to Directors and senior executives.
8.2 Companies should separately disclose their policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives	A During the Reporting Period the Board followed the Company's Remuneration Policy which is disclosed in the Director's Report on p.7 of the Company's Annual Financial Report for the year ended 30 June 2018.
8.3 Companies which have an equity-based remuneration scheme should have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme and disclose that policy or a summary of it.	A The Company does not presently have an equity based remuneration scheme.
Legend: A = Adopted. NA = Not Adopted.	

CORPORATE GOVERNANCE STATEMENT (continued)
CORPORATE GOVERNANCE POLICY

ROLE OF THE BOARD

The primary role of the Board of Story-i Limited is the protection and enhancement of shareholder value. To fulfill this role, the Board is responsible for the overall Corporate Governance of the consolidated entity including its strategic direction, the establishment of goals for management and the monitoring of the achievement of these goals.

Given the size and scope of the operations of the Company, the full Board has assumed those responsibilities that are ordinarily assigned to an Audit Committee, Risk Committee, Nomination Committee and a Remuneration Committee.

MANAGEMENT OF THE BOARD

The full Board will hold scheduled meetings on a regular basis and any extraordinary meeting at such time as may be necessary to address specific matter that may arise. In between meetings, decisions will be adopted by way of written resolution.

On a six monthly basis, as an agenda item at the scheduled Board meeting, the Board will conduct a review of its processes to ensure that it is able to, and is carrying out, its functions in the most effective manner.

DELEGATION TO MANAGEMENT

Day to day management of the consolidated entity's affairs and the implementation of the corporate strategy and policy initiatives are formally delegated by the Board to the Executive Director and management of Story-i.

COMPOSITION OF THE BOARD

The Board of Story-i shall comprise at least three Directors. There are currently fours Directors, being Mr Djohan Widodo (Chairman), Michael Chan (Executive Director), Michael Pixley (Non-Executive Director) and Han Peng Lee (Non-Executive Director).

The procedures for election and retirement of Directors are governed by the Constitution of the Company.

The composition of the Board is determined using the following principles:

- the Board shall comprise a mixture of executive and non-executive Directors, and where possible a majority of non-executive Directors.
- Non-executive Directors will have no management role within Story-i, but particular skills may be utilized from time to time in an advisory capacity.
- the Board shall comprise Directors with a range of experience encompassing the current and proposed activities of the Company;
- where a vacancy is considered to exist, the Board will select an appropriate candidate through consultation with external parties and consideration of the needs of shareholders and the Company. Such appointments will be referred to shareholders for re-election at the next annual general meeting; and
- All Directors are subject to re-election by shareholders at least every three years.

The composition of the Board is reviewed on an annual basis to ensure that the Board has the appropriate mix of expertise and experience.

When a vacancy exists, through whatever cause, or where it is considered that the Board would benefit from the services of a new director with particular skills, the Board will determine the selection criteria for the position based on the skills deemed necessary for the Board to best carry out its responsibilities.

The Board will then appoint the most suitable candidate (assuming one is available) who must stand for election at the next annual general meeting.

CORPORATE GOVERNANCE STATEMENT (continued)
CORPORATE GOVERNANCE POLICY (continued)

	Current Story-i Board Skills, Qualifications, Expertise and Experience Matrix			
Skill/Area of Expertise and Experience	**Djohan Widodo**	**Michael Chan**	**Han Peng Lee**	**Michael Pixley**
Technical (Consumer Discretionary Products)		✓	✓	
Capital Markets	✓	✓	✓	✓
Accounting & Finance				✓
Senior Management	✓	✓	✓	✓
Commercial	✓	✓	✓	✓
Advocacy / Negotiation	✓	✓	✓	✓
Governance		✓	✓	✓
Stakeholder Relations / Promotions	✓	✓	✓	✓

INDEPENDENT DIRECTORS

The Board has accepted the following definition of an independent director:

"An independent director is a director who is not a member of management, is a non-executive director and who:

(i) Is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the company;

(ii) Within the last 3 years has not been employed in an executive capacity by the Company or another group member, or been a director after ceasing to hold any such employment;

(iii) Within the last 3 years has not been a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provider;

(iv) Is not a material supplier or customer of the Company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;

(v) Has no material contractual relationship with the Company or another group member other than as a director of the company;

(vi) Has not served on the Board for a period that could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company; and

(vii) Is free from any interest and any business or other relationship that could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the company.

CHAIRMAN

The Chairman is responsible for leading the Board, ensuring Directors are properly briefed in all matters relevant to their role and responsibilities and facilitating Board discussions.

The Chairman will undertake an annual assessment of the performance of the individual Directors and meet privately with each director to discuss this assessment.

REMUNERATION OF DIRECTORS

The Board is responsible for determining and reviewing compensation arrangements for themselves, which may also include share option schemes, superannuation and professional indemnity and liability policies. Any equity based remuneration will only be made with the prior approval of shareholders in general meeting.

When setting fees and other compensation for non-executive Directors, the Board will seek independent advice and apply Australian benchmarks where appropriate.

BOARD PERFORMANCE AND EVALUATION

The Board has a process for reviewing its performance and that of its individual Directors, committees (if applicable) and senior management. The Board meets annually to review the outcome of this process.

The annual procedure for Board performance evaluation will be to:

(i) Review its performance against the terms of the Company's Corporate Governance Policy;
(ii) Review the performance of any committees against the terms of their charters;
(iii) Review the contribution of each Director; and
(iv) Review the changes that may be required to any of the Company's Policies, taking into account the developments in the Company and its businesses over the preceding year, and in corporate governance practices.

EXECUTIVE PERFORMANCE AND EVALUATION

This policy is to ensure that key executives execute the Company's strategy through the efficient and effective implementation of the business objectives inclusive of which is promoting long-term growth in shareholder value. In order to accomplish this:

(i) Each year the Board reviews the Company's strategy;
(ii) Following such a review the Board sets the organisation performance objectives based on qualitative and quantitative measures;
(iii) These objectives are reviewed periodically to ensure they remain consistent with the Company's priorities and the changing nature of the Company's business;
(iv) These objectives are the performance targets for the Executive Director;
(v) Performance against these objectives is reviewed annually by the Board and is reflected in the Executive Director's remuneration review.

AUDIT COMMITTEE

The Board may establish as required, standing and temporary committees to which it may delegate some of its powers. In order to define the role, responsibility, powers, structure, composition, operation and administration of each committee, the Board and committee should adopt a charter.

The Board has not established separate committees for Audit, Risk, Remuneration or Nomination. The Company is not of a size and nor are the affairs of a complexity to warrant the existence of separate committees. All matters which could be delegated to such committees are dealt with by the full Board.

INDEPENDENT PROFESSIONAL ADVICE AND ACCESS TO COMPANY INFORMATION

Each director has the right of access to all relevant Company information and to the Company's executives and subject to prior consultation with the Chairman, may seek independent professional advice and subject to agreement by the Chairman, at the consolidated entity's expense. A copy of advice received by the Director is to be made available to all other members of the Board.

CORPORATE GOVERNANCE STATEMENT (continued)
CORPORATE GOVERNANCE POLICY (continued)

DEALINGS IN COMPANY SHARES

A Company policy to prohibit Directors, officers and employees from dealing in Story-i shares whilst in possession of price sensitive information or during certain periods of activity, has been established.

In accordance with the provisions of the Corporations Act 2001 and the Listing Rules of ASX, ASX is advised of any transactions conducted by Directors in shares in Story-i.

CONFLICT OF INTEREST

In accordance with the Corporations Act 2001 and Story-i's constitution Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. Where the Board believes that a significant conflict exists, the director concerned will not receive the relevant Board papers and will not be present at the meeting whilst the item is considered.

ETHICAL STANDARDS

The Board supports the highest standards of corporate governance and requires its members and the staff of Story-i to act with integrity and objectivity in relation to:

- compliance with the law;
- record keeping;
- conflicts of interest;
- confidentiality;
- professional conduct;
- dealing with suppliers, advisers and regulators; and
- dealing with the community and employees.

INTERNAL CONTROL FRAMEWORK

The Board acknowledges that it is responsible for overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities.

To assist in discharging this responsibility, the Board will instigate an internal control framework that can be described under two headings:

- Financial Reporting – Monthly actual results are reported and reviewed by management. The consolidated entity will report to shareholders half-yearly.

- Continuous disclosure – the consolidated entity has a policy that all shareholders and investors have equal access to the Company's information and has procedures to ensure that all price sensitive information is disclosed to the ASX in accordance with the continuous disclosure requirements of the Corporations Act 2001 and ASX Listing Rules. A comprehensive process is in place to identify matters that may have a material effect on the price of the Company's security. The Executive Director and the Company Secretary are responsible for all communications with the ASX.

EXTERNAL AUDITORS

The auditors of Story-i will have open access to the Board of Directors at all times. The nomination of external auditors is the annual responsibility of the Board. The Board will ensure the establishment of an effective internal control framework to safeguard the Company's assets, maintain proper accounting records and ensure the reliability of financial information compiled by the Company.

CORPORATE REPORTING

The person acting as the Company's CEO and CFO will make the following certifications to the Board:

- that the Company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the Company and the consolidated entity and are in accordance with relevant accounting standards; and
- that the above statement is founded on a sound system of risk management and internal compliance and control and which implements the policies adopted by the Board and that the Company's risk management and internal compliance and control is operating efficiently and effectively in all material respects.

Story-i will adopt this reporting structure for the year ended 30 June 2018.

ENVIRONMENT

The Company aims to ensure that the highest standard of environmental care is achieved and that it complies with all relevant environmental legislation.

In all cases of exploration and mine development/operation Story-i will ensure that there is the least amount of interference possible with the environment.

BUSINESS RISK

The Board monitors areas of operational and financial risk, and considers strategies for appropriate risk management arrangements.

Where necessary, the Board will draw on the expertise of appropriate external consultants to assist in dealing with or mitigating areas of risk which are identified.

The Board is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. The Company's policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the consolidated entity's business objectives.

Control procedures cover management accounting, financial reporting, project appraisal, environment, IT security, compliance and other risk management issues.

The Company's main areas of risk include:

- Economic risks
- Market conditions
- Operating risks
- Exchange rate risks
- Political and economic climates in areas of operation.
- Ongoing capital requirements

CORPORATE GOVERNANCE STATEMENT (continued)
CORPORATE GOVERNANCE POLICY (continued)

CONTINUOUS DISCLOSURE

The Company maintains a Continuous Disclosure Policy (CD Policy) (detailed below) which outlines the Company's commitment to meeting its disclosure obligations to promote investor confidence in its securities.

The Company's CD Policy is a comprehensive disclosure policy to comply with ASX Listing Rules regarding the public disclosure of material and price-sensitive information in a timely manner.

SHAREHOLDERS

The Board aims to ensure that shareholders are at all times fully informed in accordance with the spirit and letter of the ASX's continuous disclosure requirements.

Information is communicated to shareholders as follows:

- The annual report is distributed to all shareholders. The Board ensures that the annual report includes relevant information about the operations of the consolidated entity during the year, changes in the state of affairs of the consolidated entity and details of future developments, in addition to the other disclosures required by the Corporations Act 2001.

- The half-year report contains summarised financial information and a review of the operations of the consolidated entity during the period. The half-year audited financial report is prepared in accordance with the requirements of applicable Accounting Standards and the Corporations Act 2001 and is lodged with the ASX. The financial report is sent to any shareholder who requests it.

- Proposed major changes in the consolidated entity which may impact on share ownership rights are submitted to a vote of shareholders.

- Notices of all meetings of shareholders.

Publicly released documents are made available on the ASX web site.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the consolidated entity's strategy and goals. Important issues are presented to the shareholders as single resolutions.

The Shareholders are requested to vote on the appointment and aggregate remuneration of Directors, the granting of options and shares to Directors and changes to the Constitution. Copies of the Constitution are available to any shareholder who requests it.

End of Policy

CORPORATE GOVERNANCE STATEMENT (continued)
CONTINUOUS DISCLOSURE POLICY

The Company is committed to:

(a) ensuring that shareholders and the market are provided with full and timely information about its activities;

(b) complying with continuous disclosure obligations contained in the ASX Listing Rules and the applicable sections of the Corporations Act 2001 (Cth); and

(c) providing equal opportunity for all stakeholders to receive externally available information issued by the Company in a timely manner.

The Company's Disclosure Policy covers financial markets communication, electronic and other media contact and continuous disclosure issues. It forms part of the Company's corporate policies and procedures and is available to all staff.

The Board will consider disclosure related matters at both policy and transaction level at each Board meeting and thereafter make the requisite disclosure to the market and/or amendment to this policy. The policy will also be reviewed at least on an annual basis. The Company Secretary manages this policy.

GUIDING PRINCIPLES

The Company will fully comply with ASX Listing Rules which prescribe immediately notifying the market, via an ASX announcement, of any information concerning the Company that a reasonable person would expect to have a material effect on the price of the Company's shares or securities or influence an investment decision on those securities.

The Company will ensure that it does not communicate material, price sensitive information to an external party until it has provided that information to the ASX and it has received acknowledgement that the ASX has released that information to the market.

Disclosure under ASX Listing Rule 3.1 does not apply to particular information while each of the following requirements is satisfied in relation to the information:

One or more of the following 5 situations applies:

(i) It would be a breach of a law to disclose the information;

(ii) The information concerns an incomplete proposal or negotiation;

(iii) The information comprises matters of supposition or is insufficiently definite to warrant disclosure;

(iv) The information is generated for the internal management purposes of the entity;

(v) The information is a trade secret; and

The information is confidential and the ASX has not formed the view that the information has ceased to be confidential; and

A reasonable person would not expect the information to be disclosed.

"Material" Information

Information is considered material if there is a substantial probability that the information would influence investors in deciding whether to invest in or divest the Company's securities. In particular, results of drilling and sampling programs, economic studies and earnings forecast guidance will not be provided to the market where this has not been released to the market in general.

CORPORATE GOVERNANCE STATEMENT (continued)
CONTINUOUS DISCLOSURE POLICY (continued)

COMMUNICATION PROTOCOLS

Reporting of Material Information to ASX

The Company's protocol in relation to the review and release of ASX announcements (and media releases) is as follows:

(i) Information is determined by the Board, Executive Director, Company Secretary or other employee of the Company, as being of a type or nature that may warrant disclosure to the ASX;

(ii) If not known by the Executive Director, all information should be reported to the Chairman;

(iii) The Executive Director will determine the nature and extent of the information and consult with the Board and Company Secretary to determine the form and content of any ASX Release;

(iv) The Executive Director and Company Secretary will compose the text of the proposed release. The Executive Director is responsible for establishing and following a vetting procedure to ensure that the announcements are factual and do not omit any material information. The Executive Director will also be responsible for ensuring that Company announcements are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions;

(v) Subject to availability of all Directors, the Board as a whole shall be involved in the review of the Release. Where the urgency of the subject matter precludes review by the full Board the Directors who are available may approve an announcement or, if appropriate and in compliance with ASX Listing Rules, the request for a trading halt.

(vi) Following Board approval, the Company Secretary will release the ASX Release to the market and ensure that the website is updated.

(b) The Company will not release publicly any information required to be disclosed through the ASX until cleared by the ASX.

AUTHORISED SPOKEPERSONS

Only authorised persons are allowed to make public statements to external parties, shareholders, investors, stockbroker's analysts or the media in relation on any matters affecting the Company. Currently, those persons authorised are the Executive Director, the Chairman or their delegates nominated for that purpose.

The authorised persons above may clarify information that the Company has publicly released but will not comment on material price sensitive issues that have not been disclosed to the market generally.

Any staff member / Director other than the authorised spokespersons who receives a request for comment from an external third party is to refer the enquiry to the Executive Director.

MANAGEMENT RESPONSIBILITES

The Company's officers, employees and contractors must be made aware of this Disclosure Policy. Employees or contractors must disclose any information which comes to their attention and is believed to potentially be material to the Company Secretary or Executive Director.

Officers, employees and contractors must be made aware of the "no comment policy" to external parties on any matters which may be material to the Company.

TRADING HALTS

The Company may, if appropriate and in compliance with ASX Listing Rules, request a trading halt to maintain orderly trading in the Company's securities. The Company Secretary will manage the process after consultation with the Chairman, Executive Director and Directors as required.

CONTACT WITH THE MARKET

Key executives interact regularly with the market on the Company's activities in a number of ways, including briefings, market announcements, regular updates on industry issues, one-on one briefing, meetings and educational sessions.

In addition, the Company occasionally provides background and technical information to institutional investors and stockbroking analysts to support announcements made to the ASX about the Company's on-going business activities. At all times when interacting with external individuals, investors, stockbroking analysts and market participants, the representatives of the Company should adhere to the guiding principle set out in this policy.

OPEN BRIEFINGS TO INSTUTIONAL INVESTORS AND STOCK ANALYSTS

The Company may hold open briefings (i.e. where all members of a relevant group are invited) with shareholders, investors and/or stockbroking analysts to discuss information that has been released to the market. Representatives of the Company are under the obligation of this policy and should not disclose any material price or value sensitive information that has not been announced to the market generally.

With regards to open briefings, the Company will place any written briefing and presentation materials onto their website at the conclusion of the briefing; and for the purposes of this policy, public speeches and presentations by the Company's Chairman or Executive Director will be classed as 'open briefings'.

ONE-ON-ONE BRIEFINGS WITH STOCKBROKERS, ANALYSTS AND INSTITUTIONAL INVESTORS AND SHAREHOLDERS

It is in the interests of the Company's shareholders that stockbroking analysts have a thorough understanding of the Company business operations and activities. In addition other professional investors seek to better understand certain aspects of the Company's strategy. From time to time, the Company participates in one-on-one briefings with various investment professionals. At these briefings the Company may provide background and technical information to assist these people in their understanding of the Company's business activities. The Company's policy is that no previously undisclosed material price or value sensitive information will be disclosed at these briefings.

For the purposes of this policy a one-on-one briefing includes any communication between the Company and a stockbroking analyst including, for example, phone calls or e-mails made to the Company's Executive Director. Any written materials to be used at open or one-on-one briefings with institutional investors or stockbroking analysts will be reviewed by the Executive Director to ensure all information has previously been disclosed to the market. Where this is not the case, the information will be disclosed in the manner outlined above.

REVIEW OF ANALYST REPORTS

The Company recognises the important role performed by analysts in assisting the establishment of an efficient market with respect to the Company's securities. However, the Company is not responsible for, and does not endorse, analyst reports that contain commentary on the Company. The Company will not provide non-disclosed material price or value sensitive information in response to such reports. The information may be reviewed only to correct factual inaccuracies. Any correction of factual inaccuracies by the Company does not imply endorsement of the content of these reports. The Company will only comment on results of exploration and sampling programs and financial outcomes and other forecasts that may be contained in this type of information in line with previously publicly released comment.

CORPORATE GOVERNANCE STATEMENT (continued)
CONTINUOUS DISCLOSURE POLICY (continued)

MANAGING MARKET SPECULATION AND RUMOURS

Market speculation and rumours, whether substantiated or not, have a potential to impact the Company's share price. Speculation may also contain factual errors that could materially affect the company.

The Company's general policy on responding to market speculation and rumours is that "the Company does not respond to market speculation or rumours". However the Company may issue a statement in relation to market speculation or rumour where and when it considers in necessary.

Speculation may result in the ASX formally requesting disclosure by the Company on the matter, in which case the Company will respond to the request.

Directors and employees shall not participate on, or contribute information to, electronic social networking and / or investor forums (eg Hot Copper) on matters pertaining to the Company's securities or projects.

End of Policy

CORPORATE GOVERNANCE STATEMENT (continued)
CODE OF CONDUCT

Good Corporate Governance ultimately requires people of integrity throughout the entire spectrum of the Company. Personal integrity can not be regulated, however stakeholder confidence is enhanced if the Company clearly articulates what it will regard as acceptable behaviour for directors, senior executives and all employees.

The purpose of this Code of Conduct is to provide a framework for decisions and actions in relation to ethical conduct in employment. This Code underpins the Company's commitment to integrity and fair dealing in its business affairs and to a duty of care to all employees, customers, contractors, suppliers and stakeholders. This document sets out the principles covering appropriate conduct in a variety of contexts and outlines the minimum standard of behaviour expected from employees.

ACCOUNTABILITIES

DIRECTORS, MANAGERS AND SUPERVISORS

Managers and supervisors are responsible and accountable for:

- undertaking their duties and behaving in a manner that is consistent with the provisions of this Code of Conduct;
- the effective implementation, promotion and support of the Code of Conduct in their areas of responsibility; and
- ensuring employees under their control understand and follow the provisions outlined in the Code of Conduct.

EMPLOYEES

All employees are responsible for:

- undertaking their duties in a manner that is consistent with the provisions of the Code of Conduct;
- bringing to the attention of their immediate supervisor or line manager suspected corruption or other conduct that does not support the tenets of this Code; and
- reporting immediately, and in writing if requested, to their supervisor or immediate line manager any departure from the Code of Conduct by themselves or others.

PERSONAL AND PROFESSIONAL BEHAVIOUR

When carrying out your duties, you should:

- behave honestly and with integrity and by your behaviour encourage other employees do to the same;
- carry out your work with integrity and to the highest applicable standard and in particular, commit to the Company's policy of conducting our exploration, mining and all associated activities to the highest industry standards;
- co-operate within the law at all times;
- follow the policies of the Company; and
- act in an appropriate business-like manner when representing the Company in any capacity, including commercial negotiations, joint venture relations, stake holder engagement and public forums.

CORPORATE GOVERNANCE STATEMENT (continued)
CODE OF CONDUCT (continued)

CONFLICT OF INTEREST

Potential for conflict of interest arises when it is likely that you could be influenced, or it could be perceived that you are influenced by a personal interest when carrying out your duties. Conflicts of interest that lead to biased decision making may constitute corrupt conduct. Some situations that may give rise to a conflict of interest include situations where you have:

- financial interests in a matter the Company deals with or you are aware that your friends or relatives have a financial interest in the matter;
- shares in the Company's stock;
- directorships/management of outside organisations;
- membership of boards of outside organisations;
- personal relationships with people the Company is dealing with which go beyond the level of a professional working relationship;
- secondary employment, business, commercial, or other activities outside of the workplace which impacts on your duty and obligations to the Company;
- access to information that can be used for personal gain.

You may often be the only person aware of the potential for conflict. It is your responsibility to avoid any conflict from arising that could compromise or be perceived by others to compromise your ability to exercise impartial decision making or perform your duties impartially.

You must report any potential or actual conflicts of interest to your immediate manager (or in the case of a director to the Chairman of the Board) and if the matter concerned is of a material or significant nature (or could be perceived by others to be of a material or significant nature), remove yourself from the evaluation and decision making processes. If you are uncertain whether a conflict exists, you should discuss that matter with your supervisor or immediate line manager and attempt to resolve any conflicts that may exist. You must not submit or accept any bribe, gift, or other improper inducement in relation to your employment and associated duties with the Company. Any such inducements are to be reported to your supervisor or immediate line manager.

PUBLIC AND MEDIA COMMENT

Individuals have a right to give their opinions on political and social issues in their private capacity as members of the community. Employees must not make official comment on matters relating to the Company unless they are:

- authorised to do so by the Managing Director; or
- giving evidence in court; or
- otherwise authorised or required to by law.

Employees must not release unpublished or privileged information unless they have the authority to do so from the Managing Director.

USE OF COMPANY RESOURCES

Requests to use Company resources outside core business time should be referred to your supervisor or immediate line manager for prior approval. If employees are authorised to use Company resources outside core business times they must take responsibility for maintaining, replacing, and safeguarding the property and following any special directions or conditions that apply. Employees using Company resources without obtaining prior approval may face disciplinary and/or criminal action. Company resources are not to be used for any private commercial purposes.

SECURITY INFORMATION

Employees are to make sure that confidential and sensitive information cannot be accessed by unauthorised persons. Sensitive material should be securely stored overnight or when unattended. Employees must ensure that confidential information is only disclosed or discussed with people who are authorised to have access to it. If you are unsure do not release or discuss the information. It is considered a serious act of misconduct to deliberately release confidential documents or information to unauthorised persons, and may incur disciplinary action.

INTELLECTUAL PROPERTY/COPYRIGHT

Intellectual property includes the rights relating to scientific discoveries, industrial designs, trademarks, service marks, commercial names ad designations, and inventions and is valuable to the Company. The Company is the owner of intellectual property created by employees in the course of their employment unless a specific prior agreement has been made. Employees must obtain written permission to use any such intellectual property from the Company Secretary or Managing Director before making any use of that property for purposes other than as required in their role as employee.

DISCRIMINATION, BULLYING, INTIMIDATION AND HARASSMENT

Employees must not harass, bully, intimidate, discriminate, or support others who harass, bully, intimidate and discriminate against colleagues or members of the public in any way, including on the grounds of sex, pregnancy, marital status, age, race (including their colour, nationality, descent, ethnic or religious background), personality and personality traits, physical or intellectual impairment, homosexuality or transgender.

Such harassment, bullying, intimidation or discrimination may constitute an offence under legislation. Supervisors and Managers must understand and apply the principles of Equal Employment Opportunity and are obliged to help ensure that a discrimination and harassment free workplace is maintained at all times.

GIFTS AND ENTERTAINMENT

All employees shall exercise the utmost care about giving or receiving business related gifts. This applies to direct payments and payments in kind, including the provision of goods or services, personal favours and entertainment (meal, travel, etc).

Accepting or offering gifts of nominal value (say under $50) is acceptable in situations where it is legal and in accordance with common business practices. However, every gift or entertainment received (or given) must be reported to the Chief Financial Officer in accordance with the Company's prevailing policy.

Employees must not give or accept gifts of any kind in circumstances that could be reasonably regarded as unduly influencing the recipient or creating business obligation on the part of the recipient. If there is any doubt, the situation should be referred to the Managing Director.

The following gift items must not be given or accepted under any circumstances, regardless of their values:

- Cash, bank transfers, cheques, commissions of any kind;
- Drugs or other controlled substances;
- Product or services discounts that are not available to all employees;
- Personal use of accommodation or transportation, or payments of accommodation or transport accounts;
- Payments or loans to be used toward the purchase of personal property.

CORPORATE GOVERNANCE STATEMENT (continued)
CODE OF CONDUCT (continued)

CORRUPT CONDUCT

Corrupt conduct involves the dishonest or partial use of power or position which results in one person/group being advantaged over another. Corruption can take many forms including, but not limited to:

- official misconduct;
- bribery and blackmail;
- unauthorised use of confidential information;
- fraud; and
- theft of both information or property.

Corrupt conduct will not be tolerated by the Company. Disciplinary action up to and including summary dismissal will be taken in the event of any employee found participating in corrupt conduct.

OCCUPATIONAL HEALTH AND SAFETY

It is the responsibility of all employees to act in accordance with occupational health and safety legislation, regulations and internal company policies applicable to their respective work places, to act and ensure that others act in a safe manner at all times in the work place and to use security and safety equipment provided by the Company. Specifically all employees are responsible for their own safety and for the safety of their work colleagues and all others in the work place by:

- following the safety and security directives of supervisors and direct line management;
- advising supervisors and line management of areas where there exists a potential problem in safety and reporting (preferably in writing) un-safe work practices, suspicious occurrences or dangerous situations;
- ensuring that they are physically and mentally capable of performing the tasks assigned to them
- undertaking tasks only in which they have been assessed competent to do so:
- reporting safety incidents or infringements as soon as practicable; and
- minimising risks in the workplace.

LEGISLATION

It is essential that all employees comply with the laws and regulations of the states and territories in which we operate. Violations of such laws may have serious consequences for the Company and any individuals concerned. Any known violation must be reported immediately to your supervisor or line manager.

FAIR DEALING

The Company aims to succeed through fair and honest competition and not through unethical or illegal business practices. Each employee should endeavour to deal fairly with the Company's suppliers, customers, joint venture partners, stakeholders and other employees.

INSIDER TRADING

All employees must observe the Company's Share Trading Policy. In conjunction with the legal prohibition on dealing in the Company's securities when in possession of unpublished price sensitive information, the Company has established specific time periods when Directors, management and employees are permitted to buy and sell the Company's securities.

RESPONSBILITIES TO SHAREHOLDERS AND THE INVESTMENT COMMUNITY IN GENERAL

The Company is committed to;

- increasing shareholder value;
- the full, fair and accurate disclosure of financial information that will be prepared in accordance with the prevailing International Financial Reporting Standards and disclosed in accordance with Australian Securities Exchange time lines;
- the full, fair and accurate disclosure of non-financial information in a timely manner.

BREACHES OF THE CODE OF CONDUCT

Employees should note that breaches of certain sections of this Code of Conduct may be punishable under legislation. Breaches of this Code of Conduct may lead to disciplinary action. The process for disciplinary action is outlined in relevant industrial awards and agreements.

REPORTING MATTERS OF CONCERN

Employees are encouraged to raise any matters of concern in good faith with their department head or with the Company Secretary and/or Managing Director.

If an employee has a concern with the behaviour of the Managing Director, the Company Secretary or any member of the Board in relation to this Code of Conduct then in the first instance they are encouraged to report the matter to the Chairman of the Board, or alternatively to the Company's Auditor (directly to the Partner managing the audit of the Company).

End of Policy

CORPORATE GOVERNANCE STATEMENT (continued)
SECURITIES TRADING POLICY

These guidelines set out the policy on the sale and purchase of securities in the Company by its Directors and employees. Directors of the Company and employees are encouraged to be long-term holders of the Company's securities. However, it is important that care is taken in the timing of any purchase or sale of such securities. The purpose of these guidelines is to assist Directors and employees to avoid conduct known as 'insider trading'. In some respects, the Company's policy extends beyond the strict requirements of the Corporations Act.

WHAT TYPES OF TRANSACTIONS ARE COVERED BY THIS POLICY?

This policy applies to both the sale and purchase of any securities of the Company and its subsidiaries on issue from time to time.

WHAT IS INSIDER TRADING?

Prohibition
Insider trading is a criminal offence. It may also result in civil liability. In broad terms, a person will be guilty of insider trading if:
(a) that person possesses information which is not generally available to the market and, if it were generally available to the market, would be likely to have a material effect on the price or value of the Company's securities (ie, information that is 'price sensitive');
(b) and that person:
(i) buys or sells securities in the Company; or
(ii) procures someone else to buy or sell securities in the Company; or
(iii) passes on that information to a third party where that person knows, or ought reasonably to know, that the third party would be likely to buy or sell the securities or procure someone else to buy or sell the securities of the Company.

Examples
To illustrate the prohibition described above, the following are possible examples of price sensitive information which, if made available to the market, may be likely to affect materially the price of the Company's securities:
(a) the Company considering a major acquisition or disposal of assets;
(b) the threat of major litigation against the Company;
(c) the Company's sales and profit results materially exceeding (or falling short of) the market's expectations;
(d) a material change in debt, liquidity or cash flow;
(e) a significant new development proposal ie, new product or technology;
(f) the granting (or loss) or a major contract;
(g) management or business restructuring proposal;
(h) a share issue proposal;

Dealing through third parties
A person does not need to be a Director or employee of the Company to be guilty of insider trading in relation to securities in the Company. The prohibition extends to dealings by Directors and employees through nominees, agents or other associates, such as family members, family trusts and family companies (referred to as "Associates" in these guidelines).

Information however obtained
It does not matter how or where the person obtains the information – it does not have to be obtained from the Company to constitute inside information.

Employee share schemes
The prohibition does not apply to acquisitions of shares or options by employees made under employee share or option schemes, nor does it apply to the acquisition of shares as a result of the exercise of options under an employee option scheme. However, the prohibition does apply to the sale of shares acquired under an employee share scheme and also to the sale of shares acquired following the exercise of an option granted under an employee option scheme.

CORPORATE GOVERNANCE STATEMENT (continued)
SECURITIES TRADING POLICY (continued)

APPROVAL REQUIREMENTS - DIRECTORS

Any Director wishing to buy, sell or exercise rights in relation to the Company's securities must obtain the prior approval of the Chairman or the Board before doing so; or if the Chairman wishes to buy, sell or exercise rights in relation to the Company's securities the Chairman must obtain the prior approval of the Board before doing so.

ASX NOTIFICATION FOR DIRECTORS

The ASX Listing Rules require the Company to notify the ASX within 5 business days after any dealing in securities of the Company (either personally or through an Associate) which results in a change in the relevant interests of a Director in the securities of the Company. The Company has made arrangements with each Director to ensure that the Director promptly discloses to the Company Secretary all the information required by the ASX.

EFFECT OF COMPLIANCE WITH THIS POLICY

Compliance with these Guidelines for trading in the Company's securities does not absolve that individual from complying with the law, which must be the overriding consideration when trading in the Company's securities.

End of Policy

CORPORATE GOVERNANCE STATEMENT (continued)
DIVERSITY POLICY

The Company is committed to actively managing diversity as a means of enhancing the Company's performance by recognising and utilising the contribution of diverse skills and talent from its directors, officers and employees. Diversity involves recognising and valuing the unique contribution people can make because of their individual background and different skills, experiences and perspectives, including persons with co-existing domestic responsibilities. Diversity may result from a range of factors including age, gender, ethnicity, cultural background or other personal factors. The Company values the differences between its people and the contribution these differences make to the Company.

ROLE OF THE BOARD

It is the responsibility of the Board to foster an environment where:
(a) Individual differences are respected.
(b) The ability to contribute and access employment opportunities is based on performance, skill and merit.
(c) Inappropriate attitudes, behaviours and stereotypes are confronted and eliminated.

OBJECTIVES

The Company encourages diversity in employment, and in the composition of its Board, as a means of ensuring the Company has an appropriate mix of skills and talent to conduct its business and achieve the Company's goals. Specifically, the Company will provide equal opportunities in respect to employment and employment conditions, including:

- Hiring: The Board will ensure appropriate selection criteria based on diverse skills, experience and perspectives is used when hiring new staff, including Board members. Job specifications, advertisements, application forms and contracts will not contain any direct or inferred discrimination. The Board is empowered to engage professional consultants to assist in the hiring process by presenting diverse candidates to the Company for consideration.
- Training: All internal and external training opportunities will be based on merit and in light of Company and individual needs. The Board will consider senior management training and executive mentoring programs to develop skills and experience to prepare employees for senior management and Board positions.
- Career Advancement: All decisions associated with career advancement, including promotions, transfers, and other assignments, will meet the Company's needs and be determined on skill and merit.

ACHIEVING DIVERSITY

As a priority, the Company will focus on the participation of women on its Board and within senior management. The Board will set measurable objectives for achieving gender diversity that are appropriate for the Company.

The measurable objectives to be set may include: procedural/structural objectives; initiatives and programs and/or targets in respect of: the number of women employed by (or who are consultants to) the economic group controlled by the Company; the number of women on the Board; the nature of the roles in which women are employed, including on full time, part time or contracted bases, and in leadership, management, professional speciality or supporting roles; and the relative participation of men and women at different remuneration bands.

The Board may also set measurable objectives in relation to other aspects of diversity that are appropriate for the Company. These objectives may also include procedural/structural objectives; initiatives and programs and/or targets in respect of: the number of persons employed by (or who are consultants to) the economic group controlled by the Company; the number of persons on the Board; the nature of the roles in which persons are employed, including on full time, part time or contracted bases, and in leadership, management, professional speciality or supporting roles; and the participation of persons at different remuneration bands, each by reference to age, ethnicity and cultural background.

CORPORATE GOVERNANCE STATEMENT (continued)
DIVERSITY POLICY (continued)

WORK ENVIRONMENT

The Company will ensure that all officers, employees and contractors have access to a work environment that is free from harassment. The Company will not permit unwanted conduct based on an officer, employee or contractor's personal circumstances or characteristics.

The Board and senior managers are required to ensure that the work environment is harassment free, and to ensure that complainants or reports of sexual, racial or other harassment are treated seriously, confidentially, and sympathetically by the Company.

REPORTING RESPONSIBILITY

It is the responsibility of all directors, officers and employees to comply with the Company's Diversity Policy and report violations or suspected violations in accordance with this Diversity Policy. The Board will proactively monitor Company performance in meeting the standards and policies outlined in this Policy. This will include an annual review of the diversity objectives set by the Board, and its progress in achieving them.

The Board will consider setting key performance indicators for the Board, the Managing Director and senior executives that are linked to the achievement of the diversity objectives set by the Board.

COMPLIANCE WITH THIS DIVERSITY POLICY

Any breach of compliance with this Diversity Policy is to be reported directly to the Executive Director or the Board, as appropriate. Anyone breaching this Diversity Policy may be subject to disciplinary action, including termination.

SUMMARY OF DIVERSITY POLICY

The Board has adopted a Diversity Policy which describes the Company's commitment to ensuring a diverse mix of skills and talent exists amongst its directors, officers and employees, to enhance Company performance. The Diversity Policy addresses equal opportunities in the hiring, training and career advancement of directors, officers and employees. The Diversity Policy outlines the process by which the Board will set measurable objectives to achieve the aims of its Diversity Policy, with particular focus on gender diversity within the Company. The Board is responsible for monitoring Company performance in meeting the Diversity Policy requirements, including the achievement of diversity objectives.

End of Policy

ASX ADDITIONAL INFORMATION

1. Corporate Governance

The Company's Corporate Governance Statement and related policies are documented from pages 46 to 69 of this Annual Report.

2. Substantial Shareholders

The Company has the following substantial shareholders listed on its register as at 20 September 2018:

SHAREHOLDER	NUMBER	%
CITICORP NOMINEES PTY LIMITED	48,961,206	16.465%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	23,310,000	7.839%
HIGH SUCCESS FINANCIAL INC	22,100,000	7.432%
MU KWEK FEI	18,750,000	6.305%
MARTHA TAN MEE HOON	18,062,500	6.074%
LEE HAN PENG	18,000,000	6.053%
TIME MANAGEMENT UNIVERSAL LTD	16,700,000	5.616%
NETVIEW MANAGEMENT OFFSHORE LTD	16,700,000	5.616%

3. Number of holders in each class of equity securities and the voting rights attached (as at 22 September 2018, as at 22 September 2018 for options)

Ordinary Shares

There are 620 holders of fully paid ordinary shares. Each shareholder is entitled to one vote per share held.

In accordance with the Group's Constitution, on a show of hands every member present in person or by proxy or attorney or duly authorised representative has one vote. On a poll every member present in person or by proxy or attorney or duly authorised representative has one vote for every fully paid ordinary share held.

There are 47 holders of options to acquire shares with exercise prices of $0.065 and an expiry date of 22 July 2019.There are nil voting rights attached to these options.

4. Distribution schedule of the number of holders in each class of equity security (as at 22 September 2018 for shares, as at 22 September 2018 for options)

Fully Paid Ordinary Shares

SPREAD OF HOLDINGS	HOLDERS	UNITS	% OF ISSUED CAPITAL
1-1,000	9	1,981	0.001
1,001-5,000	125	372,962	0.125
5,001-10,000	313	3,114,033	1.047
10,001-100,000	68	2,431,563	0.818
100,001-9,999,999,999	105	291,446,507	98.009
Totals	**620**	**297,367,046**	**100.000**

Options to Acquire Shares with Expiry Dates of 22 July 2019 and Exercise Prices of $0.065

SPREAD OF HOLDINGS	HOLDERS	UNITS	% OF ISSUED OPTIONS
1-1,000	0	0	0.000
1,001-5,000	0	0	0.000
5,001-10,000	0	0	0.000
10,001-100,000	29	1,572,951	21.075
100,001-9,999,999,999	18	5,722,058	78.925
Totals	**47**	**7,250,009**	**100.000**

ASX ADDITIONAL INFORMATION (continued)

5. Marketable Parcel

There are 450 shareholders with less than a marketable parcel of shares, based on the closing share price of $0.035 on 22 September 2018.

6. Twenty largest holders of each class of quoted equity security

The names of the 20 largest holders of each class of quoted security, the number of equity security each holds and the percentage of capital each holds (as at 20 September 2018 for shares, as at 23 September 2018 for options) are as follows.

Ordinary Shares Top 20 holders and percentage held

1	CITICORP NOMINEES PTY LIMITED	48,961,206	16.465%
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	23,310,000	7.839%
3	HIGH SUCCESS FINANCIAL INC	22,100,000	7.432%
4	MU KWEK FEI	18,750,000	6.305%
5	MARTHA TAN MEE HOON	18,062,500	6.074%
6	LEE HAN PENG	18,000,000	6.053%
7	TIME MANAGEMENT UNIVERSAL LTD	16,700,000	5.616%
8	NETVIEW MANAGEMENT OFFSHORE LTD	16,700,000	5.616%
9	ONG BOON TIONG DANIEL	14,062,500	4.729%
10	MR DESMOND TAI TIONG ONG	8,561,000	2.879%
11	MS SUSAN YAP	7,324,955	2.463%
12	MS VALERIE LIM LEE HUANG	6,781,075	2.280%
13	HARRY LEE VUI KHIUN	6,250,000	2.102%
14	MR SZE WEI SAMUEL GOH	6,000,000	2.018%
15	MR MARK JAMES STEMMER	4,944,683	1.663%
16	MR SING EN CHAN	4,372,127	1.470%
17	RAVINDRAN GOVINDAN	4,090,909	1.376%
18	NGO YU PENG	2,590,000	0.871%
19	PHILIP CONN	1,941,000	0.653%
20	WESTFERRY ROAD PTY LTD	1,900,000	0.639%
	TOTAL TOP 20 SHAREHOLDERS	**251,401,955**	**84.543%**
	TOTAL REMAINING SHAREHOLDERS	**45,965,091**	**15.457%**
	TOTAL SHAREHOLDERS	**297,367,046**	**100%**

ASX ADDITIONAL INFORMATION (continued)

Options Holders Top 20 holders and percentage held

1	MR AYNGARAN KAILAINATHAN	1,773,139	24.457%
2	MR AYNGARAN KAILAINATHAN	600,000	8.276%
3	DMX CAPITAL PARTNERS LIMITED	458,333	6.322%
4	MR JAMES JOHN CLIVE RODDA	416,667	5.747%
5	MR PHILIP CAWOOD	375,000	5.172%
6	MR ANDREW ALEXANDER TCHADOVITCH	325,000	4.483%
7	MR ALFREDO VARELA	225,000	3.103%
8	MR SEAN FOLEY	195,584	2.698%
9	BARROSEVEN PTY LIMITED	166,667	2.299%
10	MR RYAN PAUL CROSS	166,667	2.299%
11	MR GERARD MASTERS & MRS SHARYN MASTERS <MASTERS SUPER FUND A/C>	158,334	2.184%
12	DMX CAPITAL PARTNERS LIMITED	129,167	1.782%
13	PERSHING AUSTRALIA NOMINEES PT Y LTD <ACCUM A/C>	125,000	1.724%
14	JETSTREAM HOLDINGS PTY LTD <JETSTREAM SUPER FUND A/C>	125,000	1.724%
15	MR JOHN HONG PING SO	125,000	1.724%
16	MR THOMAS SAMUEL LATAGE LAMBETH	125,000	1.724%
17	MR RALPH MANNO & MRS CHRISTINE ANNE D'AHREMBERG <ECDM INVESTMENTS A/C>	120,000	1.655%
18	EAGLE EYE EQUITIES PTY LTD	112,500	1.552%
19	KORE CAPITAL PTY LTD	100,000	1.379%
20	MRS KIM GREEN	91,667	1.264%
	TOTAL TOP 20 OPTIONHOLDERS	**5,913,725**	**81.569%**
	TOTAL REMAINING OPTIONHOLDERS	**1,336,284**	**18.431%**
	TOTAL OPTIONHOLDERS	**7,250,009**	**100.00**

7. Company Secretary

The name of the Company Secretary is Brett Crowley.

8. Address and telephone details of the Group's registered administrative office and principal place of business:

Level 5
23 -25 O'Connell Street
SYDNEY, NSW, AUSTRALIA, 2000

Telephone: (02) 9290 9600

9. Address and telephone details of the office at which a registry of securities is kept:

Boardroom Pty Ltd
Level 12, 225 George Street, Sydney, NSW, Australia, 2000
Telephone: (02) 9290 9600

10. Stock exchange on which the Group's securities are quoted:

The Group's listed shares are quoted on the Australian Securities Exchange – code SRY.

The Group's listed options are quoted on the Australian Securities Exchange - code SRYO **.**

ASX ADDITIONAL INFORMATION (continued)

11. Restricted Securities

There are no restricted securities on issue at 22 September 2018.

12. Review of Operations

A review of operations is contained in the Directors' Report.