

# Story-i Limited

and its controlled entities

ACN 163 916 989

Annual Report  
For the year ended 30 June 2019

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## 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 Stuart Usher

### Registered Office

Suite 1, GF  
437 Roberts Road  
SUBIACO, WA, AUSTRALIA,  
6008

### Corporate Office

Suite 1, GF  
437 Roberts Road  
SUBIACO, WA, AUSTRALIA,  
6008

### 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,

During the last financial year, the focus of the Company was to complete the integration and consolidation of its business following the acquisition of the eStore and Global business. The acquisitions enabled the Company to broaden its range of activities. This included the opening of 4 service centres under the Apple Authorised Service Provider licence that was awarded as part of the acquisition of eStore and 3 campus stores within the premises of our education clients to provide easier access to Apple products, service and maintenance for their students.

Revenues for FY2019 increased significantly to \$41.4 million, a 39.5% increase over the prior period. The gross and net margins however were lower due to favourable business factors in the previous period that were not repeated in FY2019. Overall the net margins were impacted by the higher marketing and operating expenses. These were associated with the renovation and upgrading of several stores to the latest version of the Apple retail stores and marketing activities for new products and accessories.

Although we recognize that the prevailing economic and business environment will be more difficult, we are quietly optimistic of the prospects for the year ahead.

I would like to express my gratitude to our Board of Directors, auditors and advisors for their guidance and advise throughout the year, the staff for their dedicated service and most of all to our shareholders for their continued support.

We look forward to an exciting year ahead.



Michael Pixley

Non-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 2019.

### 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

### 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 28 stores in over 10 cities in Indonesia. 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:**

**Current:**

EVE Investments Ltd (October 2017 to present)  
(ASX:EVE)

#### 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

## DIRECTORS' REPORT (continued)

### Information on Company Secretary

**Stuart Usher**

**(Appointed 2 April 2019)**

**Qualifications:**

MBA, BBus, CPA, AGIA, ACIS

**Experience:**

Mr Usher is a CPA and Chartered Company Secretary with 20 year's extensive experience in the management and corporate affairs of public listed companies. He holds a Bachelor of Business degree and an MBA from the University of Western Australia and has extensive experience across many industries focusing on Corporate & Financial Management, Strategy & Planning, Mergers & Acquisitions, and Investor Relations & Corporate Governance.

**Other ASX Listed Directorships:** Tikforce Limited (from August 2018 to present)  
(ASX: TKF)

**Brett Crowley**

**(Resigned 2 April 2019)**

**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.

## 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 2019 was \$1,058,254 (2018: profit of \$1,757,144).

### Review of Operations

#### Revenue

The increase in revenue of 39.5% to \$41.4 million was achieved from both organic sales growth as well as from the recent acquisitions.

**DIRECTORS' REPORT (continued)****EBITDA and NPBT**

The EBITDA of \$3.07 million and NPBT of \$1.62 million were lower than the prior year. The higher margins in the prior year were absent in FY19. This was primarily due to the availability of older iPhone models in FY18 at higher margins, made available by Apple prior to the launch of the new models and the resultant increase in sales of high margin accessories. It was a one-off exercise in FY18 that was not repeated in FY19.

The margins were also affected by the higher marketing and promotion expense, additional staffing and rental costs of upgrading several stores to the latest version of the Apple retail design, moving to better locations, setting up of services centers and campus stores. The net margins were also affected by the higher interest expense.

The Company has implemented a strategy to improve the margins during this financial year.

**New market segments**

The Company became an Apple Authorized Service Provider during FY19. To enlarge this business segment 4 new service centers were opened in 2HFY19. The Company will be able to provide service and maintenance of all Apple devices not only to its own customers but to all Apple users across Indonesia.

During 2HFY19 3 campus stores were opened in major schools in Jakarta. We are working with other educational clients to provide more locations on campus which allows their students to have more convenient access to our stores.

We expect the contribution from these new market segments to continue to grow in FY20.



**DIRECTORS' REPORT (continued)****Financial Position**

The net assets of the Group were \$16,359,287 as at 30 June 2019 (\$13,928,291 as at 30 June 2018).

**Significant Changes in the State of Affairs**

The Group raised \$600,000 (before expenses) in capital during the financial year via the issuance of 24,000,000 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**

No 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 (2018: \$nil).

**DIRECTORS' REPORT (continued)**

## Options

At the date of this report, there were no unissued shares of Story-i Limited under option (2018: 7,250,009). [No shares have been issued during the period on exercise of options]. The 7,250,000 ordinary shares of Story-I Limited under option at 30 June 2019, have expired on 2 July 2019

## 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	7	6

## 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 2019 (2018: Nil).

#### 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

2019	Short-term benefits			Super-annuation	Post-employment benefits		Total	Performance related compensation as % of total remuneration
	Cash salary and fees	Performance Bonus	Non-monetary benefits		Retirement benefits	Other		
Name	\$	\$	\$	\$	\$	\$	\$	%
<i>Directors</i>								
Djohan Widodo	-	-	-	-	-	-	-	-
Michael Chan	120,000	-	-	-	-	-	120,000	-
Michael Pixley	36,000	-	-	-	-	-	36,000	-
Peng Lee	36,000	-	-	-	-	-	36,000	-
<b>Totals</b>	<b>192,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>192,000</b>	<b>0.0%</b>
2018	Short-term benefits			Super-annuation	Post-employment benefits		Total	Performance related compensation as % of total remuneration
	Cash salary and fees	Performance Bonus	Non-monetary benefits		Retirement benefits	Other		
Name	\$	\$	\$	\$	\$	\$	\$	%
<i>Directors</i>								
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	-
<b>Totals</b>	<b>174,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>174,000</b>	<b>0.0%</b>

**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 (2018: \$nil).

**c) Share Based Payments**

There was no share-based payments during the year (2018: \$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:

<i>Director</i>	<i>No of Ordinary Shares</i>	<i>No of Options over Ordinary Shares</i>
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 51 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 1<sup>st</sup> Day of October 2019

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME for the year ended 30 June 2019

	Note	Consolidated Group	
		2019	2018
		\$	\$
Revenue from sale of goods	2 (a)	41,436,898	29,694,141
Cost of sales	2 (d)(i)	(33,203,268)	(22,747,738)
<b>Gross Profit</b>		<b>8,233,630</b>	<b>6,946,403</b>
Other income	2 (b)	816,904	813,676
Marketing expenses		(2,031,300)	(997,998)
Other expenses	2 (c)	(3,968,862)	(2,735,785)
Interest expense	2 (d)(i)	(860,552)	(463,663)
Depreciation expense		(589,866)	(403,655)
Foreign exchange gain / (loss)		20,448	(370,584)
Bad debts written off		-	(86,706)
<b>Profit before income tax</b>		<b>1,620,402</b>	<b>2,701,688</b>
Income tax expense	3	(489,670)	(824,897)
<b>Profit after income tax</b>		<b>1,130,732</b>	<b>1,876,791</b>
<b>Profit attributable to:</b>			
Equity holders of the parent entity		1,058,254	1,757,144
Non-controlling interests		72,478	119,647
<b>Profit for the year</b>		<b>1,130,732</b>	<b>1,876,791</b>
<b>Other comprehensive income</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Exchange differences on translation of foreign operations, net of tax		704,611	(192,617)
<b>Total comprehensive income for the year</b>		<b>1,835,343</b>	<b>1,684,174</b>
<b>Total comprehensive income for the year attributable:</b>			
Equity holders of the parent entity		1,743,668	1,577,515
Non-controlling interests		91,675	106,659
<b>Total comprehensive income for the year</b>		<b>1,835,343</b>	<b>1,684,174</b>
Basic earnings per share (cents)	17	0.36	0.73
Diluted earnings per share (cents)	17	0.34	0.71

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

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 30 June 2019

	Note	Consolidated Group	
		2019	2018
		\$	\$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	18 (b)	5,099,716	1,918,458
Trade and other receivables	5	10,376,261	13,361,850
Inventories	7	11,912,034	5,192,151
Current tax receivable		-	208,766
Other	8	57,072	514,138
<b>Total Current Assets</b>		<b>27,445,083</b>	<b>21,195,363</b>
<b>Non-Current Assets</b>			
Plant and equipment	6	7,606,451	1,677,084
Intangibles	6	1,058,962	1,015,639
Other	8	525,705	410,915
Deferred tax assets		42,254	42,355
<b>Total Non-Current Assets</b>		<b>9,233,372</b>	<b>3,145,993</b>
<b>TOTAL ASSETS</b>		<b>36,678,455</b>	<b>24,341,356</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	9	15,499,299	6,696,433
Proceeds received for shares		-	600,000
Borrowings	10	3,192,004	1,706,077
<b>Total Current Liabilities</b>		<b>18,691,303</b>	<b>9,002,510</b>
<b>Non-Current Liabilities</b>			
Trade and other payables	9	1,458,848	1,241,133
Provisions	11	169,017	169,422
<b>Total Non-Current Liabilities</b>		<b>1,627,865</b>	<b>1,410,555</b>
<b>TOTAL LIABILITIES</b>		<b>20,319,168</b>	<b>10,413,065</b>
<b>NET ASSETS</b>		<b>16,359,287</b>	<b>13,928,291</b>
<b>EQUITY</b>			
Contributed equity	12	7,532,206	6,936,553
Retained earnings	13	7,882,580	6,824,326
Foreign currency translation reserve		352,401	(333,013)
Parent interests		15,767,187	13,427,866
Non-controlling interests	14	592,100	500,425
<b>TOTAL EQUITY</b>		<b>16,359,287</b>	<b>13,928,291</b>

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY For the year ended 30 June 2019

	Contributed Equity	Retained Earnings	Foreign Currency Translation Reserve	Total	Non- Controlling Interests	Total Equity
	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2017</b>	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
<b>Other comprehensive income</b>						
Exchange differences on translation of foreign operation	-	-	(179,629)	(179,629)	(12,988)	(192,617)
<b>Total comprehensive income for the year</b>	-	1,757,144	(179,629)	1,577,515	106,659	1,684,174
Issue of shares (less share issue costs)	3,221,728	-	-	3,221,728	-	3,221,728
<b>Balance at 30 June 2018</b>	6,936,553	6,824,326	(333,013)	13,427,866	500,425	13,928,291
<b>Balance at 1 July 2018</b>	<b>6,936,553</b>	<b>6,824,326</b>	<b>(333,013)</b>	<b>13,427,866</b>	<b>500,425</b>	<b>13,928,291</b>
Total profit for the year after tax	-	1,058,254	-	1,058,254	72,478	1,130,732
<b>Other comprehensive income</b>						
Exchange differences on translation of foreign operation	-	-	685,414	685,414	19,197	704,611
<b>Total comprehensive income for the year</b>	-	1,058,254	685,414	1,743,668	91,675	1,835,343
Issue of shares (less share issue costs)	595,653	-	-	595,653	-	595,653
<b>Balance at 30 June 2019</b>	<b>7,532,206</b>	<b>7,882,580</b>	<b>352,401</b>	<b>15,767,187</b>	<b>592,100</b>	<b>16,359,287</b>

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



**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**for the year ended 30 June 2019**

	Note	<b>Consolidated Group</b>	
		<b>2019</b>	<b>2018</b>
		<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>			
Receipts from customers		44,389,865	29,023,269
Payments to suppliers and employees		(34,878,115)	(26,234,591)
Income tax paid		(347,190)	(1,033,663)
Interest received		51,851	130,893
Interest paid		(860,552)	(463,663)
Other receipts		137,684	682,782
Net cash provided in operating activities	18 (a)	8,493,543	2,105,027
<b>Cash flows from investing activities</b>			
Payments for plant and equipment and intangibles		(6,643,589)	(1,490,928)
Payments for acquisition of eStore business		-	(2,336,386)
Refunds from security deposits		(61,536)	-
Net cash used in investing activities		(6,705,125)	(3,827,314)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares (net of share issue costs)		(4,347)	2,818,603
Proceeds for share issue received in advance		-	600,000
Proceeds from bank loans		1,427,587	34,125
Proceeds from other borrowings		(30,400)	(469,600)
Net cash provided by financing activities		1,392,840	2,983,128
Net increase in cash held		3,181,258	1,260,841
Cash and cash equivalents at the beginning of the financial year		1,918,458	657,617
<b>Cash and cash equivalents at the end of the financial year</b>	18 (b)	<b>5,099,716</b>	<b>1,918,458</b>

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

**NOTES TO THE FINANCIAL STATEMENTS****For the year ended 30 June 2019****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 1 October 2019 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 2019, the consolidated entity earned after tax profit of \$1,058,254 (2018: \$1,757,144) and the consolidated entity had net cash inflows of \$3,181,258 (2018: \$1,260,841).

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 \$5,099,716, net working capital of \$8,753,780 and net assets of \$16,359,287;
- 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 2019

#### 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

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 30 June 2019

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.

### b) Revenue Recognition

The Group recognises revenue when it satisfies a performance obligation by transferring a promised good or service to a customer. An asset is transferred when the customer obtains control of that asset. Revenue is recognised when the goods are shipped to the customer.

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 or 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

## NOTES TO THE FINANCIAL STATEMENTS

### **For the year ended 30 June 2019**

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 2019****Note 1 Statement of Significant Accounting Policies (continued)****d) Financial Instruments**

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

**Financial assets**

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables;
- financial assets at fair value through profit or loss;
- available-for-sale financial assets; and
- held-to-maturity investments.

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

***Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Company's trade and other receivables fall into this category of financial instruments.

In some circumstances, the Company renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Company does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

#### *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets:

- acquired principally for the purpose of selling in the near future
- designated by the Company to be carried at fair value through profit or loss upon initial recognition; or
- which are derivatives not qualifying for hedge accounting.

The Company has some derivatives which are designated as financial assets at fair value through profit or loss.

Assets included within this category are carried in the statement of financial position at fair value with changes in fair value recognised in finance income or expenses in profit or loss.

Any gain or loss arising from derivative financial instruments is based on changes in fair value, which is determined by direct reference to active market transactions or using a valuation technique where no active market exists.

#### *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity. Investments are classified as held-to-maturity if it is the intention of the Company's management to hold them until maturity.

Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method, with revenue recognised on an effective yield basis. In addition, if there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated cash flows. Any changes to the carrying amount of the investment are recognised in profit or loss.

#### *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets or which have been designated in this category. The Company's available-for-sale financial assets comprise listed securities.



All available-for-sale financial assets are measured at fair value, with subsequent changes in value recognised in other comprehensive income.

Gains and losses arising from financial instruments classified as available-for-sale are only recognised in profit or loss when they are sold or when the investment is impaired.

In the case of impairment or sale, any gain or loss previously recognised in equity is transferred to the profit or loss.

Losses recognised in the prior period statement of profit or loss and other comprehensive income resulting from the impairment of debt securities are reversed through the statement of profit or loss and other comprehensive income, if the subsequent increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

### **Financial liabilities**

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired. The Company's financial liabilities include borrowings, trade and other payables (including finance lease liabilities), which are measured at amortised cost using the effective interest rate method.

### **Impairment of Financial Assets**

At the end of the reporting period the Company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

#### *Financial assets at amortised cost*

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.



### *Available-for-sale financial assets*

A significant or prolonged decline in value of an available-for-sale asset below its cost is objective evidence of impairment, in this case, the cumulative loss that has been recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Any subsequent increase in the value of the asset is taken directly to other comprehensive income.

For current year

Financial instruments are recognised initially on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

### **Financial assets**

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

#### *Classification*

On initial recognition, the Company classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through profit or loss - FVTPL
- fair value through other comprehensive income - equity instrument (FVOCI - equity)
- fair value through other comprehensive income - debt investments (FVOCI - debt)

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

#### *Amortised cost*

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

#### *Fair value through other comprehensive income*

##### Equity instruments

The Company has a number of strategic investments in listed and unlisted entities over which they do not have significant influence nor control. The Company has made an irrevocable election to classify these equity investments as fair value through other comprehensive income as they are not held for trading purposes.

These investments are carried at fair value with changes in fair value recognised in other comprehensive income (financial asset reserve). On disposal any balance in the financial asset reserve is transferred to retained earnings and is not reclassified to profit or loss.

Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI.

##### Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at FVTPL.

Net gains or losses, including any interest or dividend income are recognised in profit or loss.

#### *Impairment of financial assets*

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost
- debt investments measured at FVOCI

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment and including forward looking information.

The Company uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Company uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Company in full, without recourse to the Company to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

#### *Trade receivables and contract assets*

Impairment of trade receivables and contract assets have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Company has determined the probability of non-payment of the receivable and contract asset and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Company renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

#### *Other financial assets measured at amortised cost*

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

### **Financial liabilities**

The Company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Company comprise trade payables, bank and other loans and finance lease liabilities.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

### 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.

#### 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.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

### Note 1 Statement of Significant Accounting Policies (continued)

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.

#### **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.

## **NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 30 June 2019**

### **Note 1 Statement of Significant Accounting Policies (continued)**

## 1) 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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2019****Note 1 Statement of Significant Accounting Policies (continued)****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.

**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.

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 30 June 2019

#### **Note 1      Statement of Significant Accounting Policies (continued)**

##### *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. Costs are assigned on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts.



## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 30 June 2019

#### Note 1 Statement of Significant Accounting Policies (continued)

##### 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.

##### *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.

##### **Key estimates - impairment of plant and equipment**

The Company assesses impairment at the end of the reporting year by evaluating conditions specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

##### **Key judgments - provision for impairment of receivables**

The value of the provision for impairment of receivables is estimated by considering the ageing of receivables, communication with the debtors and prior history.

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 30 June 2019

#### Note 1 Statement of Significant Accounting Policies (continued)

##### t) New Standards and Interpretations Not Yet Adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

**AASB 16: Leases** (*applicable to annual reporting periods beginning on or after 1 July 2019*).

A core change resulting from applying AASB 16 is that most leases will be recognised on the balance sheet by lessees as the standard no longer differentiates between operating and finance leases. An asset and a financial liability are recognised in accordance to this new Standard. There are, however, two exceptions allowed: short-term and low-value leases. The accounting for the Consolidated Entity operating leases will be primarily affected by this new Standard.

AASB 16 will be applied by the Consolidated Entity from its mandatory adoption date of 1 July 2019. The comparative amounts for the year prior to first adoption will not be restated, as the Consolidated Entity has chosen to apply AASB 16 retrospectively with cumulative effect. While the right-of-use assets for property leases will be measured on transition as if the new rules had always been applied, all other right-of-use assets will be measured at the amount of the lease liability on adoption.

Based on a preliminary assessment the Consolidated Entity has estimated that on 1 July 2019, a right-of-use asset and lease liabilities will be required to be recognised based on the operating lease commitment at note 19, which do not fall under the lease exception. All impacts are subject to finalisation prior to final implementation.

The Consolidated Entity expects that net profit after tax will decrease as of adopting the new rules. Adjusted EBITDA is expected to increase as the operating lease payments were included in EBITDA, but the amortisation of the right-of-use assets and interest on the lease liability are excluded from this measure. The Consolidated Entity is still currently assessing the impact on adoption of the new standard.

The repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities, thus increasing operating cash flows and decreasing financing cash flows.

##### *Impact of adoption*

The Consolidated Entity activities will not be materially impacted by this new Standard, the Consolidated Entity does not expect any significant impact on its financial statement. Nonetheless, starting from the financial year ending 30 June 2020, additional disclosures will be required.

**NOTES TO THE FINANCIAL STATEMENTS****For the year ended 30 June 2019****Note 1 Statement of Significant Accounting Policies (continued)**  
**New or amended Accounting Standards and Interpretations Adopted****AASB 9 Financial Instruments**

The consolidated entity has adopted AASB 9 Financial Instruments from 1 July 2018, which replaced AASB 139 Financial Instruments: Recognition and Measurement. As a result, the consolidated entity has changed its accounting policy for the recognition and measurement of receivables. The adoption of AASB 9 has not had a material impact on the consolidated entity's financial statements.

**AASB 15 Revenue from Contracts with Customers**

The Company has adopted AASB 15 from 1 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. The adoption of AASB 15 has not had a material impact on the consolidated entity's financial statements

**v) Comparative Figures**

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

# NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2019

## Note 2: Revenue and Expenses

## Consolidated Group

	2019 \$	2018 \$
a) Revenue		
Sale of goods	41,436,898	29,694,141
b) Other income		
Sundry income	765,053	682,782
Interest income	51,851	130,894
	816,904	813,676
c) Other expenses		
General and administrative	(3,672,062)	(2,351,685)
Accounting and audit fees	(71,765)	(61,170)
Professional fees	(169,035)	(148,930)
Director fees	(56,000)	(174,000)
	(3,968,862)	(2,735,785)
d) Profit for the year		
Profit before income tax from continuing operations includes the following specific expenses:		
(i) Expenses		
Cost of sales	(33,203,268)	(22,747,738)
Interest expense on financial liabilities not at fair value through profit or loss:		
- related parties	-	-
- unrelated parties	(860,552)	(463,663)

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 30 June 2019

#### Note 3: Income Tax

(a) Income tax recognised in profit

The Group has recorded an income tax expense of \$489,670 (2018: \$824,897) in the profit for the year.

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

	<b>Consolidated Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Profit before income tax	1,620,402	2,701,688
Prima facie income tax expense at the Australian rate 27.5% (2018: 30%)	(445,610)	(810,506)
Tax effect of:		
Amounts which are not (deductible) / assessable in calculating taxable income	31,252	33,907
Temporary differences	3,130	8,599
Deferred tax asset not recognised	(115,043)	(180,006)
Difference in foreign income tax rate	36,601	123,109
Income tax expense	<u>(489,670)</u>	<u>(824,897)</u>

(c) Unrecognised deferred tax balances

	<b>Consolidated Group</b>	
Provision for expenses	62,462	51,082
Capital raising costs	165,578	238,597
Revenue tax losses carried forward	2,010,157	1,168,872
	<u>2,238,197</u>	<u>1,458,551</u>
Potential tax benefit at 27.5% (2018: 30%)	615,504	437,565

#### 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.

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 30 June 2019

#### Note 5: Trade and Other Receivables

	Consolidated Group	
	2019	2018
	\$	\$
<b>Current</b>		
Trade debtors	2,478,448	3,111,239
Prepayments	1,133,523	607,949
Advance payment	1,432,332	2,011,106
Other receivables	5,331,958	7,631,556
	<u>10,376,261</u>	<u>13,361,850</u>

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

The ageing of the Consolidated Entity's trade and other receivables are as follows:

	Consolidated Entity	
	June 2019	June 2018
	\$	\$
Not past due	1,789,817	2,242,731
Past due 31-60 days	23,674	29,858
Past due 61-90 days	664,036	837,489
Over > 90 days	921	1,161
	<u>2,478,448</u>	<u>3,111,239</u>

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 30 June 2019

#### Note 6: Plant and Equipment and Intangibles

	Plant and equipment \$	Intangibles (i) \$
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
Balance at 1 July 2018	1,677,084	1,015,639
Additions / (disposals)	6,474,824	-
(Depreciation) / writeback on disposals	(589,866)	-
Impact of foreign exchange rates	44,409	43,323
Balance at 30 June 2019	7,606,451	1,058,962
At cost	9,588,244	1,058,962
Accumulated depreciation	(1,981,793)	-
Balance at 30 June 2019	7,606,451	1,058,962

(i) As at 30 June 2019, 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.

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 30 June 2019

#### Note 7: Inventories

	Consolidated Group	
	2019	2018
	\$	\$
At cost:		
Finished goods	11,912,034	5,192,151

#### Note 8: Other assets

	Consolidated Group	
	2019	2018
	\$	\$
<b>Current</b>		
Restricted deposits	57,072	514,138
<b>Non-Current</b>		
Restricted deposits	525,705	410,915

#### Note 9: Trade and Other Payables

	Consolidated Group	
	2019	2018
	\$	\$
<b>Current</b>		
Trade creditors	6,185,370	1,175,812
Taxes payable	536,295	839,356
Related party payables	69,519	-
Other payables	8,708,115	4,681,265
Total current trade and other payables	15,499,299	6,696,433
<b>Non-Current</b>		
Amounts payable to former shareholder	1,458,848	1,241,133

#### Note 10: Borrowings

Bank loan (i)	3,023,922	1,507,595
Other loan	-	30,400
Convertible notes and interest	168,082	168,082
Total current borrowings	3,192,004	1,706,077

(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").



## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 30 June 2019

#### Note 11: Provisions

	Consolidated Group	
	2019	2018
	\$	\$
<b>Non-Current</b>		
Employee post-employment benefits	169,017	169,422

#### Note 12: Contributed Equity

##### a) Paid up capital

297,367,046 ordinary shares (30 June 2018: 273,367,046 ordinary shares "restated")

7,532,206	6,936,553
-----------	-----------

##### b) Movements in shares on issue

Balance at 1 July 2018

No of shares	Paid up capital \$
273,367,046	6,936,553
Issue of shares (less share issue costs)	
24,000,000	595,653
Balance at 30 June 2019	
297,367,046	7,532,206

##### c) Movements in options on issue

There was options issued or outstanding options over unissued ordinary shares during the year.

##### 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	
	2019	2018
	\$	\$
Opening balance beginning of the year	6,824,326	5,067,182
Net profit for the year	1,058,254	1,757,144
Closing balance end of the year	7,882,580	6,824,326

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 30 June 2019

#### Note 14: Non-controlling interests

	Consolidated Group	
	2019	2018
	\$	\$
Opening balance beginning of the year	500,425	393,766
Share of net profit for the year	72,478	119,647
Share of foreign currency translation reserve	19,197	(12,988)
Closing balance end of the year	592,100	500,425

#### 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 2019.

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

	Consolidated Group	
	2019	2018
	\$	\$
Short-term employee benefits (i)	192,000	174,000
Performance bonus	-	-
Other payments	-	-
Post-employment benefits	-	-
	192,000	174,000

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 30 June 2019

- (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:

#### 2019

	Balance 1 July 2018	At Appointment	Acquired/ Disposed	At Resignation	Balance 30 June 2019
<i>Directors</i>					
Djohan Widodo	-	-	-	-	-
Michael Chan	25,160,000	-	-	-	25,160,000
Michael Pixley	20,000	-	-	-	20,000
Peng Lee	18,000,000	-	-	-	18,000,000
<b>Totals</b>	<b>43,180,000</b>	-	-	-	<b>43,180,000</b>

#### 2018

	Balance 1 July 2017	At Appointment (if after 1 July 2017)	Acquired/ Disposed	At Resignation	Balance 30 June 2018
<i>Directors</i>					
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)	-
<b>Totals</b>	<b>48,120,000</b>	-	<b>(565,000)</b>	<b>(4,375,000)</b>	<b>43,180,000</b>

## Note 16: Related Party Transactions

Related party	Type of transaction	2019	2018
PT Sigmadata - Associate	Sale of goods and loan – accounts receivable	664,036	1,076,486
O W Widodo – Shareholder Loan	Shareholder Loan	1,088,023	907,727
B Widodo – Shareholder Loan	Shareholder Loan	370,825	327,524

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

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

### Note 17: Earnings Per Share

	Consolidated Group	
	2019	2018
	\$	\$
a) Basic Earnings Per Share		
Profit used in calculating basic earnings per share	1,058,254	1,757,144
Weighted average number of ordinary shares on issue during the year used as the denominator in calculating basic earnings per share	297,038,279	240,819,100
Basic earnings per share (cents)	0.36	0.73
b) Diluted earnings per share (cents)	0.34	0.71

### Note 18: Cash Flow Information

a) Reconciliation of the net loss after income tax to the net cash flows from operating activities	Consolidated Group	
	2019	2018
	\$	\$
Net profit after tax for the year	1,058,254	1,757,144
Depreciation	589,866	403,655
Unrealised foreign exchange (gains) / losses	(20,448)	370,584
Bad debts written off	-	86,706
Non-controlling interest in net profit for the year	86,343	106,660
Changes in assets and liabilities		
(Increase) / decrease in trade and other receivables	2,985,589	(3,846,044)
(Increase) / decrease in current tax receivable	208,766	(208,766)
(Increase) / decrease in other assets	342,276	(410,913)
(Increase) / decrease in inventory	(6,719,883)	(1,401,815)
(Increase) / decrease in deferred tax asset	101	(2,257)
Increase / (decrease) in trade and other creditors	9,963,084	3,853,368
Increase / (decrease) in provisions	(405)	9,030
Increase in net assets acquired from eStore	-	1,387,677
Net cash outflow from operating activities	8,493,543	2,105,027
(b) Reconciliation of cash and cash equivalents		
Cash balance comprises:		
- cash assets	5,099,716	1,918,458

(c) Non-cash financing activities

There were no other non-cash financing or investing activities during the year ended 30 June 2019.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

### 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	
	2019	2018
	\$	\$
Not later than one year	1,565,822	1,365,741
Between one and five years	3,648,753	5,462,963
	<u>5,214,575</u>	<u>6,828,704</u>

### Note 20: Auditor's Remuneration

	Consolidated Group	
	2019	2018
	\$	\$
Statutory audit by auditor of the parent company	45,750	39,000
Other non-audit services	-	-
	<u>-</u>	<u>-</u>
Statutory audit by auditor of PT Inetindo Infocom	10,052	5,654

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

### 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 (2018 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				
2019	-	-	41,436,898	41,436,898
2018	-	-	29,694,141	29,694,141
Segment result				
2019	(316,075)	-	1,446,807	1,130,732
2018	(515,204)	(947)	2,392,942	1,876,791
Segment assets				
2019	409,344	3,078	36,266,033	36,678,455
2018	604,895	2,899	23,743,562	24,351,356
Segment liabilities				
2019	(268,242)	(63,211)	(19,987,715)	(20,319,168)
2018	(917,526)	(59,536)	(9,436,003)	(10,413,065)
Income tax expense				
2019	-	-	(489,670)	(489,670)
2018	-	-	(824,897)	(824,897)
Depreciation and amortisation expense				
2019	-	-	(589,866)	(589,866)
2018	-	-	(403,655)	(403,655)

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

## 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 \$
<b>2019</b>						
Cash and cash equivalents	5.15	5,099,716	-	-	-	5,099,716
Other assets						
Trade and other receivables	-	-	-	-	7,654,498	7,654,498
Trade and other payables	-	-	-	-	(16,958,147)	(16,958,147)
Provisions	-	-	-	-	(169,017)	(169,017)
Borrowings	9.94	(3,192,004)	-	-	(3,192,004)	(3,192,004)
<b>2018</b>						
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)

### Interest rate sensitivity analysis

At 30 June 2019, 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 \$12,750 higher/lower (2018: \$1,000), 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 2019

### 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 \$
<b>30 June 2019</b>				
<b>Financial liabilities due for payment</b>				
Trade and other payables	(14,799,633)	(699,666)	(1,458,848)	(16,958,147)
Borrowings	(3,192,004)	-	-	(3,192,004)
Provisions	-	(169,017)	-	(169,017)
<b>Total</b>	<b>(17,991,637)</b>	<b>(868,683)</b>	<b>(1,458,848)</b>	<b>(20,319,168)</b>
 Cash assets	5,099,716	-	-	5,099,716
Trade and other receivables	10,376,261	-	-	10,376,261
Other	-	582,777	-	582,777
<b>Total</b>	<b>15,475,977</b>	<b>582,777</b>	<b>-</b>	<b>16,058,754</b>
 <b>Net (outflow)/inflow on financial instruments</b>				
<b>30 June 2018</b>				
<b>Financial liabilities due for payment</b>				
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)
 <b>Financial assets – cash flows realisable</b>				
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
 <b>Net (outflow)/inflow on financial instruments</b>	<b>8,553,475</b>	<b>(920,046)</b>	<b>(1,241,133)</b>	<b>6,392,296</b>

There were no Level 2 or Level 3 financial instruments.



**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 June 2019

**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**

No 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 (%)	
		2019	2018
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 2019

**Note 26: Parent Information**

	2019 \$	2018 \$
<i>Financial position</i>		
Assets		
Current assets	6,219	604,895
Non-current assets	10,971,615	10,742,645
Total assets	10,977,834	11,347,540
Liabilities		
Current liabilities	268,242	917,526
Non-current liabilities	-	-
Total liabilities	268,242	917,526
<b>Net Assets</b>	<b>10,709,592</b>	<b>10,430,014</b>
Equity		
Issued capital	28,718,668	27,580,333
Accumulated Losses	(18,009,076)	(17,150,319)
<b>Total equity</b>	<b>10,709,592</b>	<b>10,430,014</b>
<i>Financial performance</i>		
Profit / (Loss) for the year	(316,075)	(515,204)
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>(316,075)</b>	<b>(515,204)</b>

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.

The parent entity provided a USD 5 million guarantee to TransAsia Private Capital Ltd in relation to the financing in the subsidiary.

## Note 27: Business Combinations

### *Previous year acquisitions in 2018*

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 principle place of business of the Company is:

Suit 1, GF, 437 Roberts Road  
SUBIACO WA 6008

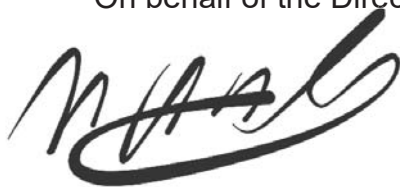
## DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. the financial statements and notes, as set out on pages 12 to 49, 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 2019 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 1<sup>st</sup> Day of October 2019

**Bentleys NSW Audit Pty Ltd**

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**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 2019, 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**



**Robert Evett**  
Director

Sydney, 1 October 2019

**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 2019, 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, 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 2019 and of its performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

*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
<b>Impairment of Assets including investment in overseas entities</b> 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: <ul style="list-style-type: none"> <li>• Review of impairment models provided by management.</li> <li>• We have carried out sensitivity analysis on the impairment models.</li> </ul>
<b>Existence of Inventory</b> 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: <ul style="list-style-type: none"> <li>• 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.</li> <li>• We have reviewed the physical stocktake working papers.</li> <li>• We have reviewed the final stock listing for slow moving and obsolete stock.</li> <li>• We have enquired of management for any instances of fraud related to inventory.</li> </ul>
<b>Revenue recognition and the recoverability of trade receivables</b> 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: <ul style="list-style-type: none"> <li>• Substantive testing and analytical review have been completed surrounding revenue.</li> <li>• We have reviewed the impairment calculations provided by management and obtained explanation for variances considered.</li> <li>• We have enquired of management for any events or circumstances that may hinder upon the recoverability of receivables.</li> </ul>
<b>Impairment of goodwill and intangible assets</b> The Group has recognised a goodwill balance of \$1.058m 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: <ul style="list-style-type: none"> <li>• We evaluated management's goodwill impairment assessment process and tested controls such as the review of forecasts by management.</li> <li>• We compared growth rates against those achieved historically as well as to external market data, where available.</li> <li>• We challenged key inputs to the model.</li> <li>• We performed a range of sensitivity analysis on the CGU being the discount rate and terminal growth rate assumptions.</li> <li>• We assessed the Group's disclosures of both the quantitative and qualitative considerations in relation to the value of the goodwill.</li> </ul>

#### Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report, 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 2019.

In our opinion the Remuneration Report of Story I Limited for the year ended 30 June 2019 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**



**Robert Evett**  
Director

Sydney, 1 October 2019

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 2019 (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 PRINCIP & RECOMMENDATIONS	ADOPTED / NOT ADOPTED COMMENT
<b>Principle 1: Lay solid foundations for management and oversight (continued)</b>	
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.
<b>Principle 2: Structure the Board to add value</b>	
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: <ul style="list-style-type: none"> <li>The committee charter</li> <li>The committee members</li> <li>The frequency and attendees of the committee's meetings; or</li> </ul> (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 four 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 2019 Annual Financial Report for the Reporting Period.
Legend: A = Adopted. NA = Not Adopted.	

**CORPORATE GOVERNANCE STATEMENT (continued)**

CORPORATE GOVERNANCE PRINCIP & RECOMMENDATIONS	ADOPTED / NOT ADOPTED AND COMM
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## 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.
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## 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 April 2019 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 2019, 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 COMMENTS

#### 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.
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#### 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.
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#### 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 <a href="http://www.story-i.com">www.story-i.com</a> , 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.
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Legend: A = Adopted. NA = Not Adopted.

#### CORPORATE GOVERNANCE STATEMENT (continued)

CORPORATE GOVERNANCE PRINCIP & RECOMMENDATIONS	ADOPTED / NOT ADOPTED AND COMM
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**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 performs 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 2019. 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 2019.
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 fulfil 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 four 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)**

	<b>Current Story-i Board Skills, Qualifications, Expertise and Experience Matrix</b>			
<b>Skill/Area of Expertise and Experience</b>	<b>Djohan Widodo</b>	<b>Michael Chan</b>	<b>Han Peng Lee</b>	<b>Michael Pixley</b>
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.

**CORPORATE GOVERNANCE STATEMENT (continued)**  
**CORPORATE GOVERNANCE POLICY (continued)****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.

**CORPORATE GOVERNANCE STATEMENT (continued)****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.

**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.

**CORPORATE GOVERNANCE STATEMENT (continued)**

**INDEPENDENT PROFESSIONAL ADVICE AND ACCESS TO COMPANY INFORMATION**  
**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 2019.

**CORPORATE GOVERNANCE STATEMENT (continued)****INDEPENDENT PROFESSIONAL ADVICE AND ACCESS TO COMPANY INFORMATION**

## 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 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

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



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.

### 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.

**CORPORATE GOVERNANCE STATEMENT (continued)**

**CONTINUOUS DISCLOSURE POLICY**



## **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 RESPONSIBILITIES**

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.

**CORPORATE GOVERNANCE STATEMENT (continued)**  
**CONTINUOUS DISCLOSURE POLICY (continued)****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 INSTITUTIONAL 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.

**CONTINUOUS DISCLOSURE POLICY**

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.

## 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.

**CORPORATE GOVERNANCE STATEMENT (continued)**  
**CODE OF CONDUCT (continued)****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 and 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.

## **CONTINUOUS DISCLOSURE POLICY 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.

**CORPORATE GOVERNANCE STATEMENT (continued)**

**CODE OF CONDUCT (continued)****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.

**RESPONSIBILITIES 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

## 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.

**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

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.

## **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.

**CORPORATE GOVERNANCE STATEMENT (continued)**

**CONTINUOUS DISCLOSURE POLICY**

**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 74 to 76 of this Annual Report.

### 2. Substantial Shareholders

The Company has the following substantial shareholders listed on its register as at 26 September 2019:

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 26 September 2019)

#### Ordinary Shares

There are 608 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.

### 4. Distribution schedule of the number of holders in each class of equity security (as at 26 September 2019 for shares, as at 26 September 2019 for options)

#### Fully Paid Ordinary Shares

SPREAD OF HOLDINGS	HOLDERS	UNITS	% OF ISSUED CAPITAL
1-1,000	9	1,981	0.000
1,001-5,000	125	372,962	0.13
5,001-10,000	310	3,081,897	1.04
10,001-100,000	62	2,213,229	0.74
100,001-9,999,999,999	102	291,697,007	98.09
<b>Totals</b>	<b>608</b>	<b>297,367,046</b>	<b>100.000</b>

## ASX ADDITIONAL INFORMATION (continued)



## 5. Marketable Parcel

There are 508 shareholders with less than a marketable parcel of shares, based on the closing share price of \$0.014 on 26 September 2019.

## 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 26 September 2019.

### 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	7,426,955	2.498%
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	4,422,127	1.487%
17	RAVINDRAN GOVINDAN	4,090,909	1.376%
18	NGO YU PENG	2,590,000	0.871%
19	MR GERALD FRANCIS PAULEY & MR MICHAEL JAMES PAULEY <PAULEY SUPER FUND A/C>	2,309,466	0.777%
20	PHILIP CONN	1,941,000	0.653%
	<b>TOTAL TOP 20 SHAREHOLDERS</b>	<b>251,522,098</b>	<b>84.583%</b>
	<b>TOTAL REMAINING SHAREHOLDERS</b>	<b>45,844,948</b>	<b>15.416%</b>
	<b>TOTAL SHAREHOLDERS</b>	<b>297,367,046</b>	<b>100%</b>

**ASX ADDITIONAL INFORMATION (continued)****7. Company Secretary**

The name of the Company Secretary is STUART USHER.

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

Suite 1, GF  
437 Roberts Road Subiaco  
WA 6008

Telephone: (08) 6380 2555

**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.

**11. Restricted Securities**

There are no restricted securities on issue at 26 September 2019.

**12. Review of Operations**

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