



Publishers of
KNEOWORLD

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2021



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CORPORATE INFORMATION

DIRECTORS

Mr James Kellett	- Executive Chairman and Chief Executive Officer
Mr Jeffrey Bennett	- Non-Executive Chairman
Mr Franklin B. Lieberman	- Executive Director

COMPANY SECRETARY

Ms Eryl Baron
Boardroom Pty Limited

AUDITORS

William Buck
Level 20, 181 William Street
Melbourne Vic 3000

BANKERS

Westpac
360 Collins Street
Melbourne Vic 3000

REGISTERED OFFICE

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Melbourne Vic 3000

SHARE REGISTRY

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CHAIRMAN'S LETTER

Dear Shareholders

Year in review

Despite the challenges presented by the ongoing global pandemic, your company made significant progress in the fiscal 2021 year with the key emphasis on increasing the deployment of the core KneoWorld platform in the New York public school system and other markets in the United States, primarily through the 'Connect All Kids' educational initiative which is being rolled out in conjunction with the National Association for the Advancement of Colored People (NAACP) and Dell Technologies.

'Connect All Kids' deployment with New York's Department of Education

After an extensive qualification process with the New York City Department of Education, KneoMedia achieved Approved Supplier status for the 'Connect All Kids' program resulting in the program being pre-qualified for all future sales in New York City. As a result, the Company scaled up the rollout of 'Connect All Kids' across New York City and more widely across New York State. A total of US\$5m has now been committed by New York City Councilors to the program, with the following deployments confirmed during the year:

- US\$1 million, KNM's share is US\$260,000 (refer ASX announcement: 21 August 2020)
- US\$1 million, KNM's share is US\$260,000 (refer ASX announcement: 02 March 2021), and
- US\$3 million committed, KNM's share is US\$780,000 (refer ASX announcement: 11 May 2021).

The three deployments will see a combined 8,400 Dell Chromebooks, pre-loaded with the KneoWorld technology, deployed into New York City public schools. To date, 3,500 Dell Chromebooks have been supplied with the balance due for deployment before the end of calendar 2021. This reflects the increasing commitment to the program by New York City, and while the roll-out is still in its early stages, with in-person teaching now resuming, the funding and roll-out of previously stalled education programs will continue to ramp up and we expect further strong uptake of the program.

Additional sales and marketing channels

In order to broaden and diversify the distribution of KneoWorld, several new channels to market were pursued during the year which reinforce the appeal and educational capabilities of KneoWorld. New sales channels and partnerships announced include:

- KneoWorld's Career Technology Education (CTE) program being approved for Phase I deployment in Albany School district in New York State. The first 100 Seat Licences in the district follows a three-month pilot program undertaken across five schools in Florida where the technology was comprehensively assessed.
- First Inspires (FIRST), a universally recognised not-for-profit Science Technology Engineering and Mathematics (STEM) education program for kids. A collaboration on a STEM project that will see KneoWorld promoted through FIRST's extensive network of 50,000 educators, 276,000 parents and 51 partnered school districts is being undertaken.
- Reseller agreement between KneoMedia and the prestigious US headquartered Homeschool Buyers Co-op (HBCO). KneoWorld was accepted by HBCO after an extensive six-month review of the platform to validate the technology's teaching and learning attributes.
- EdTech business development brand accelerator EEV will aim to grow sales of KneoWorld across key US markets. EEV will provide KneoMedia with strategies to elevate brand messaging to a market-leading position within the K12 and early childhood verticals. KneoMedia and EEV will work together to leverage EEV's network of key connectors and influencers within the US education market.

Each new partnership is an excellent vote of confidence in KneoWorld and further validates the core technology. The approval of first Seat Licences into Albany represents a large opportunity for the Company with 731 public school districts across the State. Acting as a valuable reference point, the first Licences will act as a catalyst for sales into the State's other schooling districts as well as Phase II direct Seat Licence sales.

Progress in other international markets

Despite the renewed focus of efforts into the United States first and foremost, progress was made to expand the KneoMedia's international footprint. KneoWorld technology was deployed into the Philippines by the Company's Joint Venture partner with each seat Licence being sold to Government schools for US\$100.00. Opportunities in regions such as the Philippines has been rare over

the last 12 months due to total school shutdowns due to COVID-19. KneoMedia's licensing agreement with Augustya in India an example of such interruptions with the agreement being put on hold as a direct result of COVID-19. There remains considerable scope for growth in these regions and the first Seat Licenses into the Philippines is an indication of activities resuming after a period of extreme disruption.

Funding & capital structure

During the year, AUD\$1 million was raised through a successful placement to New York based institutional fund manager Lind Global Macro Fund, LP, an investment fund managed by The Lind Partners. Lind Partners are supportive of the Company's growth strategy with the primary focus on the US education market. Post balance date, a further \$650,600 was raised through a non-brokered placement. It is pleasing to note that new and existing shareholders recognise the potential for the KneoWorld technology and the opportunity that the New York public school system, and indeed the wider US market presents.

Outlook

Despite the challenges posed by the pandemic, KneoMedia was successful in increasing the deployment and the visibility of our core technology primarily in the New York public education market. As well, we broadened our reach into New York State and Florida which sets us up well for the current year. The Connect All Kids program in New York City is very exciting, and we can see the momentum beginning to build following the re-opening of in-class learning. As more educational programs are initiated across the country, we have an opportunity to establish KneoMedia as a valuable educational tool in classrooms throughout the United States and starting in New York. "Our expanding sales and marketing channels are also very encouraging with prestigious and world class organisations such as NAACP and Dell Technologies partnering with KneoWorld to broaden and diversify the distribution of our educational content across the United States. Running in conjunction with the Connect All Kids initiative, it positions us well for the coming year to build sales in both the school and home school sectors. "Gaining a foothold into New York State justifies the expansion efforts and growth strategy set out at the beginning of the year. As well as being the largest public education market, New York is the bellwether for the rest of America so the fact that KneoWorld is now being progressively delivered here bodes well for us. "Our near-term objective is simple – achieve greater scale in New York, broaden our presence in New York States, and then continue the roll-out across the United States. We are confident that the sales momentum will continue.

Yours faithfully

James Kellett
Executive Chairman



Melbourne, 22 September 2021

DIRECTORS' REPORT

The Directors present their report together with the financial report of KneoMedia Limited (KneoMedia or KNM or the Company) and its controlled entities (the **Group**), for the financial year ended 30 June 2021 and independent auditor's report thereon.

Director details

The following persons were Directors of KneoMedia Limited during or since the end of the financial year.

Mr James Kellett

Executive Chairman and Chief Executive Officer

Appointed non-Executive Director on 26 August 2010, Chief Executive Officer on 3 December 2010 and Executive Chairman October 2015. Mr Kellett has over 30 years' experience in global corporate finance and business management and has held senior executive positions in the finance and communications industries, including ASX listed companies. Mr Kellett has been the driving force in establishing KneoWorld Inc. in the game-based education sector in America and other global markets. Mr Kellett's qualifications include a Diploma in Accounting & Finance and Financial Services. He is and an Associate Member of Finsia and has not held directorships in other listed companies in the past 3 years.

Mr Jeffrey Bennett

Non-Executive Director

Mr Bennett is a highly experienced finance executive with extensive experience in all facets of finance and business within IT. Mr Bennett has spent the last 10 years at PS&C Limited (ASX:PSZ), DXC Technology, Computer Sciences Corporation, UXC Limited and Ingena Limited in senior finance roles. Following his role as Chairman of the Board at Jameson Resources Ltd (ASX:JAL) between 2007-2012, Mr Bennett undertook a non-executive Directorship of Jameson Resources Ltd between 2012-2017. Mr Bennett has a thorough understanding of the complexities involved with multinationals and companies listed on the ASX. Mr Bennett holds a Bachelor of Commerce and is a Fellow of CPA Australia. Mr Bennett has not held directorships in other listed companies in the past 3 years.

Mr Franklin B. Lieberman

Executive Director

Mr Lieberman is an American citizen and has over 45 years' experience in media with multi-national companies including Warner Bros., NBC, CBS, ABC and PBS as well as running the Miracle Factory, a strategic marketing company with clients that included AT&T, IBM, PepsiCo, Pfizer, Johnson & Johnson, Coca Cola and Universal Pictures. He has worked with the United Federation of Teachers and the American Federation of Teachers and was instrumental in developing the educational initiatives for KneoWorld Inc. Mr Lieberman has not held directorships in other listed companies in the past 3 years.

Ms Eryl Baron

Company Secretary

Ms Baron is an employee of Boardroom Pty Limited (the Company's Corporate Secretarial and Share Registry Services provider) and has extensive experience in providing corporate secretarial and corporate governance to listed companies across a wide range of industries.

Principal activities

The principal activity of the Group during the financial year was the further development of its online education publishing business across international markets that delivers world-class education assessment products and games-based learning to global educational markets, particularly to Special Needs education facilities. The Group publishes and markets from its US-based subsidiary, KneoWorld Inc., and sells on an annual Seat Licence basis through the KneoWorld.com portal via education departments and distribution agreements. KneoWorld is an education games portal where students play their way through a futuristic and epic world with the games mapped to validated educational content including numeracy, literacy, science, arts, reasoning and memory. The content delivers extensive analytical performance data to educators and complies with child online privacy protection including US COPPA and European GDPR. Our SaaS model provides KneoWorld with a global education market opportunity selling on a business to business strategy.

Review of operations and financial results

KneoMedia recognised revenue from ordinary activities increased 44.2% to \$234,006 (2020 \$162,308) and deferred revenue increased 855.1% to \$467,187 (2020 \$49,857) for the year.

The 'Connect All Kids' program has provided the majority of the Group's sales for the year. These contracts are for a period of three years. The revenue is recognised on a straight-line basis over the term of the contract resulting in deferred revenue of \$467,187 to be recognised over the balance of the contracts and accordingly booked as a liability until the contract term has been fulfilled.

The statement of financial position reports a deficiency of net assets of \$344,007 (30 June 2020: net assets \$1,335,121). Contributing to the reduction in net assets is the inclusion of the deferred revenue liability of \$467,187 and a decrease in cash and cash equivalents. Throughout the financial year the Group received less funds from capital raising which has contributed to the lower cash balance at the reporting date.

As noted in significant events after balance date, on 12 July 2021 the Company completed a capital raising of \$650,600, considerably improving the cash balance to maintain ongoing business activity.

KneoMedia recorded a reduced loss attributable to the members of the parent for the year of \$2,801,297 (2020: \$3,201,773). Throughout the year operating costs were well controlled and reduced by \$421,296 compared to the previous year. Also contributing to the improved result was a revenue increase of 44.2% compared to the previous reporting period.

Net cash outflows from operating activities totalled \$1,405,474 (2020: \$2,702,057). Alongside well controlled operating costs contributing to the reduction in outflows was an increase in receipts from the 'Connect All Kids' program.

Cash outflows from investing activities totalled \$701,471 (2020: \$730,898), expenditure is aligned with the previous period as a continued focus on additional product development content is integral to the successful rollout of the Company's KneoWorld education platform.

Net cash provided by financial activities totalled \$992,520 (2020: \$3,417,066), as outlined above the reduction in capital raising activities has impacted the overall year end cash position.

The sales achieved in New York City highlights our focus on the US education market, an addressable market of 2.5 million students in New York City and New York State alone – all of which are potential candidates for the KneoWorld content. This renewed emphasis on New York is due to the significant time, effort, and resources invested in building a more established presence in New York City where the Company has strong and established networks. These key relationships supported the rapid scale-up of operations and the successful deployment of the 'Connect All Kids' program into over 100 schools to date.

The Chairman's report contains further information on the detailed operations of the Group during the year.

The attached financial statements detail the performance and financial position of the Group for the year ended 30 June 2021.

Dividends paid or recommended

No dividends have been paid or declared since the commencement of the financial year. The Directors do not recommend that a dividend be paid for the year ended 30 June 2021.

Directors' interests in equity Instruments of the Group

The relevant interest of each Director in the shares and quoted options over shares of the Company, as notified by the Directors to the Australian Securities Exchange in accordance with Section 205G (1) of the Corporations Act 2001, at the date of this report are:

	Ordinary Shares		Options	Performance rights Unquoted
	Direct	Indirect		
James Kellett	-	17,665,714	-	5,255,590
Jeffrey Bennett	-	13,836,954	-	2,627,795
Franklin B. Lieberman	2,000,000	166,666	-	2,627,795

Significant changes in the state of affairs

The following significant changes in the state of affairs of the Group occurred during the financial year:

- On 15 July 2020 KneoMedia announced that its OTCQB-listed shares were now eligible for electronic clearing and settlement through the Depository Trust & Clearing Corporation (DTCC) in the United States.
- On 21 August 2020 KneoMedia announced that it had secured more than AUD\$760,000 from the Connect All Kids deployment and had been given approved supplier status in New York City.
- On 1 September 2020 KneoMedia announced that its Learning SaaS platform had secured Google for Education Partner Certification globally.
- On 30 November 2020 the Company appointed Ms Eryl Baron as Company Secretary following the resignation of Mr Todd Richards.
- On 9 December 2020 KneoMedia announced that it had that it has successfully raised AUD\$1m through the placement to Lind Global Macro Fund, LP, an investment fund.
- On 14 January 2021 KneoMedia announced that its eLearning SaaS platform has been accepted by prestigious United States headquartered reseller, the Home School Buyer Co-Op ("HBCO").
- On 27 January 2021 KneoMedia announced that it had secured a new partnership with US education organisation First Inspires.
- On 11 May 2021 KneoMedia confirmed that New York City Councillors had committed a further US\$3m to the Connect ALL Kids education initiative into New York City public schools. KneoMedia's share of this third deployment was US\$780,000 or ~AUD\$994,000.

Significant events after the balance date

On 12 July 2021, the Company completed a capital raising of \$650,600 through a non-brokered placement of 108,433,335 fully paid ordinary shares at \$0.006 per share to new and existing investors. The placement was done at market and no fee was paid

On 2 September 2021, the Company completed a \$1,300,000 convertible loan having a maturity date of 31 May 2022 and maximum conversion price of \$0.015.

There are no other matters or circumstances that have arisen since the end of the year that have significantly affected or may significantly affect either:

- the Group's operations in future financial years;
- the results of those operations in future financial years; or
- the Group's state of affairs in future financial years

Future developments, prospects and business strategies

Likely developments in the operations of the Group and the expected results of those operations in future financial years have been included in the Chairman's Letter.

Directors' meetings

While the Directors attend regular management meetings, the number of Directors' meetings and number of meetings attended by each of the Directors of the Company during the financial year were:

Director	Directors' Meetings	
	Number Attended	Number eligible to attend
James Kellett	6	6
Jeffrey Bennett	6	6
Franklin Lieberman	3	6

Given the size of the Company and composition of the Board, the Company does not have separate Audit, Risk, Nomination or Remuneration Committees however these matters are addressed regularly at each Board Meeting.

Shares issued during or since the end of the year as a result of exercise of options

There were no shares issued during the year as a result of exercised options. There has not been any share options exercised since 30 June 2021.

Options and performance rights

In accordance with approval from shareholders obtained at the 2019 AGM, performance rights were issued to Key Management Personnel (KMP) in the 2020 financial year. No options were granted during the year to KMP. No options or rights have been granted to KMP since the end of the financial year. No options to KMP were exercised during the financial year.

	Grant date	No.	Fair Value (\$)	Expiry date	Conditions	Balance at 30 June 2021
Performance Rights	23 Dec 2019	10,511,180	0.0044	31 Dec 2022	Continuation as a Director and until the revenue hurdle of A\$5mil gross revenue is achieved during any 12 consecutive months	10,511,180
	Grant date	No.	Exercise Price (\$)	Expiry date	Conditions	Balance at 30 June 2021
Options	8 May 2020	20,000,000	0.04	8 May 2022	-	20,000,000
Options	8 May 2020	20,000,000	0.04	8 May 2022	-	20,000,000
Options	8 May 2020	73,529,412	0.04	9 July 2022	-	73,529,412
Options	23 Oct 2020	12,000,000	0.015	23 Oct 2023	-	12,000,000
Options	11 Dec 2020	31,250,000	0.03	11 Dec 2023	-	31,250,000

Environmental issues

The Group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory of Australia.

Indemnification and insurance of directors and officers

The Company agreed to indemnify all directors and executive officers for losses which they may become legally obligated to pay on account of any claim first made against them during the policy period for a wrongful act committed before or during the policy. During the year, the total amount of insurance contract premiums paid was \$21,988.

Proceedings on behalf of Group

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

The Group was not a party to any such proceedings during the year.

Remuneration Report (audited)

The Directors of the Company present the Remuneration Report for Non-Executive Directors, Executive Directors of the Company and other Key Management Personnel, prepared in accordance with the Corporations Act 2001 and the Corporations Regulations 2001.

The Remuneration Report is set out under the following sections:

1. Key Management Personnel (KMP) disclosed in this report
2. Remuneration Governance
3. Directors and Executive remuneration arrangements
4. Details of Key Management Personnel remuneration
5. Additional disclosures relating to options and shares

1. Key management personnel (KMP) disclosed in this report

Key management personnel are those persons having authority and responsibility for planning, directing and controlling activities of the Group, including any Director of the Company.

Key Management Personnel during the financial year are as follows:

Non-executive Directors (NEDs)	
Jeffrey Bennett	Director (Non-Executive)
Executive Directors	
James Kellett	Executive Chairman & Chief Executive Officer (CEO)
Franklin B. Lieberman	Executive Director
Senior Executive	
Damian O'Sullivan	Chief Operating Officer (COO)

2. Remuneration governance

Remuneration policy

The remuneration policy of the Group has been designed to align Director and executive obligations with shareholder and business objectives by providing a fixed remuneration and options. The Board considers the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and Directors to run and manage the Group.

The Board's policy for determining the nature and amount of remuneration for Board members and other KMP of the Group is as follows:

The remuneration structure for KMP is based on a number of factors including length of service, particular experience of the individual concerned, and overall performance of the Group. All executives receive a base salary only. The Board, which performs the function of a remuneration committee, reviews executives' packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries. The Board may exercise its discretion in relation to approving 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.

All remuneration paid to Directors and other KMP is valued at the cost to the Group and expensed. Performance rights granted to Directors and KMP are valued using the Black Scholes option pricing model.

The Board's policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at the Annual General Meeting. The maximum aggregate fee cap for fees payable to Non-Executive Directors per annum is \$300,000, as approved by shareholders. Fees for Non-Executive Directors are not linked to the performance of the Group. However, to align Directors' interests with shareholder interests, all Directors are encouraged to hold shares in the Group.

Use of remuneration consultants

No remuneration consultants were used during the year.

Remuneration Report (audited) (continued)

Voting and comments made at the Group's 2020 annual general meeting (AGM)

KneoMedia shareholders passed a resolution to adopt the Group's remuneration report for the financial year ended 30 June 2020 at the 2020 AGM. The Group did not receive any specific feedback at the AGM on its remuneration report.

Group performance, shareholder wealth and directors and other key management personnel remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders, Directors and other KMP. One of the main methods to achieve this aim will be the issue of options to executives to encourage the alignment of personal and shareholder interests, which the Board is currently considering. The Group believes this policy will be effective in increasing shareholder wealth in future years.

3. Directors and executive remuneration arrangements

Employment contracts of directors and executives

The remuneration structure for KMP is based on a number of factors including length of service, particular experience of the individual concerned, and overall performance of the Group. The contracts for service between the Group and specified Directors and executives are on a continuing basis, the terms of which are not expected to change in the immediate future. Upon retirement, specified Directors and executives are paid employee benefit entitlements accrued to the date of their retirement. In the event of termination, payment of entitlements accrued including any notice period will be made in accordance with the applicable laws.

The employment terms and conditions of KMP and Group executives are formalised in contracts of employment.

Directors/Executive	Term of agreement	Notice Period
James Kellett	Unspecified	Six months
Jeffrey Bennett	Unspecified	Unspecified
Franklin B. Lieberman	Unspecified	Unspecified
Damian O'Sullivan	Unspecified	12 weeks

4. Details of key management personnel remuneration

Details of the nature and amount of each major element of the remuneration of each Director and other Key Management Personnel of the Group are:

		Short-term benefits		Post-employment	Share based payments	
		Salary & fees	Leave entitlement	Superannuation	In lieu of fees	Total
Executive Director		\$	\$	\$	\$	\$
James Kellett -CEO	2021	290,323	22,332	23,026	-	335,681
	2020	325,000	-	25,000	-	350,000
Franklin B. Lieberman	2021	43,401	-	-	-	43,401
	2020	48,318	-	-	-	48,318
Non-executive Director						
Jeffrey Bennett#	2021	42,000	-	-	-	42,000
	2020	42,000	-	-	-	42,000
Other KMP						
Damian O'Sullivan	2021	176,640	13,587	16,781	-	207,008
	2020	176,640	12,713	16,781	-	206,134
Total KMP	2021	552,364	35,919	39,807	-	628,090
Total KMP	2020	591,958	12,713	41,781	-	646,452

#Payables and accruals at 30 June 2021 includes \$42,000 of Directors Fees payable to Mr Bennett.

No remuneration during the year was a result of any short-term or long-term incentive plan.

Remuneration Report (audited) (continued)

5. Additional disclosures relating to options and shares

a. Performance rights holdings of key management personnel

The performance rights granted to key management personnel are under the Group's Long-Term Incentive Plan (LTIP) to the existing three Directors. The performance rights will vest subject to a number of vesting conditions (revenue targets and continued directorship).

The table below discloses the number of performance rights granted to Directors as LTIP remuneration. The performance rights do not carry any voting or dividend rights and can be exercised once the vesting conditions have been met until their expiry date.

The rights to Directors below are conditional upon continuation as a Director until the revenue hurdle of AUD\$5m gross revenue is achieved during any given 12 consecutive months. The performance rights will lapse if the performance hurdles are not achieved by 31 December 2022. All performance rights (10,511,180), if vested, will have a fair value of \$0.0044 per share.

	Grant date	No. granted (‘000)	Fair value at grant date (\$)	Expiry date	Number lapsed	Balance at 30/6/2021 (‘000)	Vested (‘000)	Unvested (‘000)
James Kellett	23 Dec 2019	5,256	0.0044	31 Dec 2022	-	5,256	-	5,256
Franklin B. Lieberman	23 Dec 2019	2,628	0.0044	31 Dec 2022	-	2,628	-	2,628
Jeffrey Bennett	23 Dec 2019	2,628	0.0044	31 Dec 2022	-	2,628	-	2,628

There were no rights issued to other KMP in the Group.

As at the reporting date, the Group did not recognise any performance rights expense to the statement of profit or loss and other comprehensive income in the view that the probability of achieving the performance conditions of the performance rights for exercise are uncertain.

b. Shareholdings of key management personnel

	Balance at 1 July 2020 No.	Granted as remuneration No.	On exercise of options No.	Acquired and/or disposed on market No.	Balance at 30 June 2021 No.
Executive Director					
James Kellett	17,665,714	-	-	-	17,665,714
Franklin B. Lieberman	2,166,666	-	-	-	2,166,666
Non-executive Directors					
Jeffrey Bennett	8,319,190	3,009,921	-	2,507,843	13,836,954
Total	28,151,570	3,009,921		2,507,843	33,669,334

c. Unlisted options held by key management personnel

	Balance at 1 July 2020 No.	Granted as remuneration No.	Exercise of options No.	Lapsed options No.	Balance at 30 June 2021 No.
James Kellett	-	-	-	-	-
Franklin B. Lieberman	-	-	-	-	-
Jeffrey Bennett	-	-	-	-	-
Total	-	-	-	-	-

d. Loans to key management personnel and their related parties

There were no loans made to KMP and their related parties during the financial year and none are outstanding as at the date of this report.

Remuneration Report (audited) (continued)

e. Other transactions and balances with key management personnel and their related parties

	2021 \$	2020 \$
Related party payables		
Fees payable to key management personnel	94,538	88,085

f. Other transactions with key management personnel-related entities

Amounts paid to related parties of the directors of the Company on arm's length terms	204,191	198,151
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6. Additional information

The earnings of the consolidated entity for the five years to 30 June 2021 are summarised below:

	2021 \$'000	2020 \$'000	2019 \$'000	2018 \$'000	2017 \$'000
Sales Revenue	234	162	14	533	134
EBITDA	(2,474)	(2,918)	(3,558)	(2,092)	(963)
EBIT	(3,147)	(3,555)	(3,960)	(2,358)	(1,174)
Profit/(Loss) after income tax	(3,154)	(3,647)	(3,967)	(2,349)	(1,286)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2021	2020	2019	2018	2017
Share price at financial year end (\$)	0.005	0.015	0.044	0.041	0.028
Total dividends declared (cents per share)	-	-	-	-	-
Basic earnings per share (cents per share)	(0.29)	(0.42)	(0.54)	(0.39)	(0.33)

End of audited remuneration report

Shares under option

The unissued ordinary shares of KneoMedia under option outstanding at the date of this report are as follows:

Exercise Price (\$)	Expiry date	Number of Options
0.04	8 May 2022	20,000,000
0.04	8 May 2022	20,000,000
0.04	9 Jul 2022	73,529,412
0.015	23 Oct 2023	12,000,000
0.03	11 Dec 2023	31,250,000
		156,779,412

Shares under performance rights

Unissued ordinary shares of KneoMedia under performance rights at the date of this report are as follows:

Grant Date	Expiry Date	Number of Rights
23 Dec 2019	31 Dec 2022	10,511,180

Non-audit services

The auditor, William Buck, did not provide any non-audit services to the Group during the financial year ended 30 June 2021.

Auditor's independence declaration

The lead auditor's independence declaration as required under section 307C of the Corporations Act 2001 for the year ended 30 June 2021 has been received and can be found on page 13, which forms part of this report.

Signed in accordance with a resolution of the Directors

**James Kellett,
Executive Chairman**

A handwritten signature in black ink, appearing to read 'James Kellett', with a stylized flourish at the end.

22 September 2021

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE
CORPORATIONS ACT 2001 TO THE DIRECTORS OF KNEOMEDIA LIMITED**

I declare that, to the best of my knowledge and belief during the year ended 30 June 2021 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136



N.S. Benbow
Director

Dated this 22nd day of September, 2021

ACCOUNTANTS & ADVISORS

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williambuck.com

CORPORATE GOVERNANCE STATEMENT

The Company's Directors and management are committed to conducting the business of KneoMedia Limited and its controlled entities (the **Group**) in an ethical manner and in accordance with the highest standards of corporate governance. The Company has adopted and has substantially complied with the ASX Corporate Governance Principles and Recommendations (Fourth Edition) (**Recommendations**) to the extent appropriate to the size and nature of the Group's operations.

The Company has prepared a statement which sets out the corporate governance practices that were in operation throughout the financial year for the Group, identifies any Recommendations that have not been followed, and provides reasons for not following such Recommendations (**Corporate Governance Statement**).

In accordance with ASX Listing Rules 4.10.3 and 4.7.4, the Corporate Governance Statement is available for review on KneoMedia's website (www.KneoMedia.com) (the **Website**) and lodged together with an Appendix 4G with ASX at the same time that this Annual Report is lodged with ASX.

The Appendix 4G identifies each Recommendation and provides shareholders with information as to where relevant governance disclosures can be found.

The Group's corporate governance policies and charters and policies are all available on the Website.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 \$	2020 \$
Revenue			
Sales revenue from providing online education		234,006	162,308
Other income	2	50,182	50,444
		284,188	212,752
Employee benefits expenses and Directors' fees		(1,018,412)	(1,032,927)
Depreciation and amortisation expenses		(672,984)	(637,107)
Marketing expenses		(616,699)	(855,368)
Other expenses	3	(1,122,618)	(1,241,716)
Finance costs		(7,662)	(92,553)
Loss before income tax		(3,154,187)	(3,646,919)
Income tax expense		-	-
Loss after income tax		(3,154,187)	(3,646,919)
Other comprehensive loss:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange difference on translation of foreign operations (net of tax)		6,743	(36,152)
Total comprehensive loss for the year		(3,147,444)	(3,683,071)
Loss attributable to:			
Members of the parent entity		(2,801,297)	(3,201,773)
Non-controlling interests		(352,890)	(445,146)
		(3,154,187)	(3,646,919)
Total comprehensive loss attributable to:			
Members of the parent entity		(2,795,903)	(3,230,897)
Non-controlling interests		(351,541)	(452,174)
		(3,147,444)	(3,683,071)
Loss per share (cents per share)			
Basic and diluted loss per share	5	0.29	0.42

The consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Note	2021 \$	2020 \$
Current Assets			
Cash and cash equivalents		6,579	1,114,130
Trade and other receivables	6	24,251	245,035
Prepayments & other assets		75,677	17,772
Total Current Assets		106,507	1,376,937
Non-current Assets			
Property, plant and equipment		9,919	5,205
Intangible assets	7	656,107	632,439
Non-refundable deposit to acquire non-controlling interest		50,000	50,000
Other non-current assets		129,697	129,697
Total Non-current Assets		845,723	817,341
Total Assets		952,230	2,194,278
Current Liabilities			
Trade and other payables	8	744,646	782,970
Deferred revenue	9	476,187	49,857
Employee benefits		61,663	26,330
Total Current Liabilities		1,282,496	859,157
Non-current Liabilities			
Employee benefits		13,741	-
Total Non-current Liabilities		13,741	-
Total Liabilities		1,296,237	859,157
Net Assets / (Deficiency of Net Assets)		(344,007)	1,335,121
Equity			
Issued capital	10	24,074,690	22,710,648
Reserves		(49,649)	(159,317)
Accumulated losses		(21,581,453)	(18,780,156)
Parent Entity Interest		2,443,588	3,771,175
Non-controlling interest		(2,787,595)	(2,436,054)
Total Equity / (Net Deficiency of Equity)		(344,007)	1,335,121

The consolidated statement of financial position should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021

	Issued Capital	Accumulated losses	Foreign Currency Translation Reserve	Options Reserve	Non-Controlling Interest	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2020	22,710,648	(18,780,156)	(319,317)	160,000	(2,436,054)	1,335,121
Net loss for the year	-	(2,801,297)	-	-	(352,890)	(3,154,187)
Other comprehensive loss	-	-	5,394	-	1,349	6,743
Total comprehensive loss	-	(2,801,297)	5,394	-	(351,541)	(3,147,444)
Shares issued	1,000,000	-	-	-	-	1,000,000
Conversion of director fees to shares	159,016	-	-	-	-	159,016
Shares issued to corporate advisor	205,026	-	-	-	-	205,026
Vesting of share based payments	-	-	-	104,274	-	104,274
Balance at 30 June 2021	24,074,690	(21,581,453)	(313,923)	264,274	(2,787,595)	(344,007)

The consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

	Issued Capital	Accumulated losses	Foreign Currency Translation Reserve	Options Reserve	Non-Controlling Interest	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2019	19,254,116	(15,578,383)	(290,193)	-	(1,983,880)	1,401,660
Net loss for the year	-	(3,201,773)	-	-	(445,146)	(3,646,919)
Other comprehensive loss	-	-	(29,124)	-	(7,028)	(36,152)
Total comprehensive loss	-	(3,201,773)	(29,124)	-	(452,174)	(3,683,071)
Shares issued	3,763,800	-	-	-	-	3,763,800
Conversion of director fees to shares	107,357	-	-	-	-	107,357
Transaction costs on shares issued	(414,625)	-	-	160,000	-	(254,625)
Balance at 30 June 2020	22,710,648	(18,780,156)	(319,317)	160,000	(2,436,054)	1,335,121

The consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 \$	2020 \$
Cash flows from operating activities			
Receipts from customers		660,337	198,853
Receipts from government grants		50,000	50,000
Payments to suppliers and employees		(2,115,811)	(2,950,909)
Net cash used in operating activities	11	(1,405,474)	(2,702,057)
Cash flows from investing activities			
Purchase of property, plant and equipment		(10,308)	(697)
Payments for capitalised product development costs		(691,163)	(705,201)
Loans advanced to related parties		-	(25,000)
Net cash used in investing activities		(701,471)	(730,898)
Cash flows from financing activities			
Proceeds from issue of shares		1,000,000	3,763,800
Payment for share issue costs		-	(254,625)
Proceeds from borrowings		-	420,000
Repayment of borrowings		-	(420,000)
Interest received		182	444
Finance costs		(7,662)	(92,553)
Net cash provided by financing activities		992,520	3,417,066
Net decrease in cash and cash equivalents		(1,114,425)	(15,889)
Cash and cash equivalents at the beginning of the financial year		1,114,130	1,167,913
Effects of exchange rate changes on cash and cash equivalents		6,874	(37,894)
Cash and cash equivalents at the end of the financial year		6,579	1,114,130

The consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

This consolidated financial report and notes of KneoMedia Limited (the **Company**) and controlled entities (the **Group**) for the year ended 30 June 2021 was authorised for issue in accordance with the resolution of the Directors on the date of signing the attached Directors' Declaration.

KneoMedia Limited is a public listed Company limited by shares and is listed in Australia on the ASX. It is incorporated and domiciled in Australia.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The consolidated general purpose financial report of the Group has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB). Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). KneoMedia Limited is a for-profit Group for the purpose of preparing the financial report.

The financial report has been prepared in accordance with the historical cost convention and apply the going concern basis of accounting. The financial report is presented in Australian dollars.

The significant and material accounting policies relevant to the financial statements follow.

a. Going concern basis of accounting

For the year ending 30 June 2021, KneoMedia incurred a loss attributable to the members of the parent entity of \$2,801,297 and net cash outflows used in operations totalled \$1,405,474. However, based on its current commitments, future cash flow forecasts and completed capital raising (further details outlined in Note 17), KneoMedia has sufficient funds to meet its debts as and when they fall due for the foreseeable future. Accordingly, the financial report has been prepared on a going concern basis.

The Directors determination that the use of the going concern basis of accounting is appropriate in preparing the financial report was based on the following:

- The preparation of the cash flow projections incorporates a number of assumptions and judgements, and the Directors have concluded that the range of possible outcomes considered does not give rise to a material uncertainty casting significant doubt on the Group's ability to continue as a going concern.
- The company continues to receive shareholder support in further capital raisings, as a result the Group can continue normal business activities and meet its commitments as and when they fall due, and the realisation of assets and liabilities in the ordinary course of business.

b. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2021. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

c. Revenue

Sales revenue from providing online education

Revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Group expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step process outlined in AASB 15.

Step 1: Identify the contract with the customer

Step 2: Identify the performance obligations in the contract and determine at what point they are satisfied.

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations

Step 5: Recognise the revenue.

The Group has identified its main performance obligations and how it satisfies them as set out below:

- The group's performance obligations is satisfied when the education providers have access to the online education platform by way of licence per student access over a period of time;
- A licence is effective at the point in time when access to the online education platform is available to the student and when contract, corporate authority and payment terms have been affirmed;
- Revenue is recognised on a straight-line basis over the term of contract.

Grant revenue

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate. Recognition occurs when there is reasonable assurance that conditions will be complied with and grants will be received.

Interest income

Interest income and expenses are reported on an accrual basis using the effective interest method.

d. Goods and services tax and sales tax (GST)

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 Taxation Office or US Tax authorities. In these circumstances the GST is recognised as part of an item of the expenses or as part of the cost of acquisition of the asset. Receivables and payables in the statement of the 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.

e. Cash and cash equivalents

Cash and cash equivalents include cash on hand, at bank and in transit.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

f. Intangible assets

Project development costs

The intangible assets recognised by the Group is product development costs for the KneoWorld platform. This accounting policy required the specific judgements and estimates made by the Directors in arriving at the net book value of these assets.

An intangible asset arising from development cost is recognised if, and only if, all of the following are demonstrated:

- a. the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- b. its intention to complete the intangible asset and use or sell it;
- c. its ability to use or sell the intangible asset;
- d. how the intangible asset will generate probable future economic benefits;
- e. the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- f. its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Development costs not meeting these criteria for capitalisation are expensed as incurred.

The product development cost capitalised are contracted cost attributable to preparing the products for their intended use. The useful life of development costs is estimated at 2 years.

The capitalised intangibles do not include capitalised costs for software purchased from a supplier.

Subsequent measurement

The product development assets are stated at cost less accumulated amortisation and impairment, amortised on a straight-line basis over their useful lives, which is up to a maximum of 2 years. Amortisation shall begin when the asset's future economic benefits are expected to be consumed by the Group, i.e. when revenue is generated in the manner intended by management. The amortisation charge shall be recognised in the statement of profit or loss and other comprehensive income.

Impairment

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

g. Financial instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions to the financial instrument and are measured initially at fair value adjusted by transaction costs. Subsequent measurement of financial assets and financial liabilities are at amortised cost.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Impairment

The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain. Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

h. Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the reporting period which remains unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

i. Share-based payments

Share-based compensation benefits are provided to employees in accordance with the Company's long term incentive plan.

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity settled share-based payments is expensed on a straight-line basis over the expected vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the options/performance rights reserve. Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

j. Foreign Currency Transactions and Balances

Functional and presentation currency

The consolidated financial statements are presented in Australian dollars ('AUD'), which is also the functional currency of the Parent Company.

Transaction and balances

Foreign currency transactions are translated into the functional currency of the respective entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the date of the transaction), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Foreign operations

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the AUD are translated into AUD upon consolidation. The functional currency of the entities in the Group has remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into AUD at the closing rate at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into AUD at the closing rate. Income and expenses have been translated into AUD at the average rate over the reporting period. Exchange differences are charged or credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation the cumulative translation differences recognised in equity are to be reclassified to profit or loss and recognised as part of the gain or loss on disposal.

k. Segment reporting

No operating segment disclosure is required as there is only one operating segment. The reporting is consistent with the internal reporting provided to the chief operating decision makers (CODM). The chief operating decision makers, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

I. Significant management judgement and estimation uncertainty in applying accounting policies

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses. The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statements.

Recognition and amortisation of intangible assets

Development costs have been assessed and considered whether they will derive a future economic benefit. The useful life of development costs recognised as an intangible asset has been estimated at 2 years given the constant evolvement of technology.

Recognition of performance rights

The vesting of performance rights has been assessed against the performance hurdles. Based on the view that the probability of achieving the performance conditions in order to exercise the performance rights is uncertain, the Group did not recognise any performance rights expense to the statement of profit or loss and other comprehensive income.

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Group's future taxable income against which the deferred tax assets can be utilised. In addition, significant judgement is required in determining the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

The Group has \$7,537,730 (2020: \$6,419,355) of accumulated tax losses which have not been recorded on the balance sheet due to the uncertainty of the timing of future assessable income. Unused revenue and capital losses will be available in future to offset against income to the extent permitted by the relevant tax authorities.

m. Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of KneoMedia, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

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.

n Short-term and other long-term employee benefits

A liability is recognised for accrued annual leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

o New and revised standards that are effective for these financial statements

The Group has adopted all of the new, revised or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 2: OTHER INCOME	2021	2020
	\$	\$
Covid 19 ATO Relief	50,000	50,000
Interest income	182	444
	50,182	50,444

NOTE 3: CORPORATE & ADMINISTRATION EXPENSES	2021	2020
	\$	\$
Corporate costs	626,601	543,122
Consulting fees	337,666	305,322
Occupancy costs	87,194	98,148
Administration costs	66,730	124,052
Other expenses	4,427	171,072
	1,122,618	1,241,716

NOTE 4: AUDITORS' REMUNERATION	2021	2020
	\$	\$
Amounts received or due and receivable by William Buck for:		
An audit or review of the financial report of the Group and any entity in the Group	36,825	41,325

William Buck did not provide any non-audit services.

NOTE 5: LOSS PER SHARE

Basic loss per share is calculated by dividing net loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted loss per share is calculated by dividing the net loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the calculations of basic and diluted earnings per share:

	2021	2020
	\$	\$
Basic and diluted loss to profit or loss	0.29 cents	0.42 cents
a. Reconciliation of earnings to profit or loss		
Loss for the year	3,154,187	3,646,919
Loss attributable to non-controlling interest	(352,890)	(445,146)
Earnings used to calculate basic and dilutive EPS	2,801,297	3,201,773
	No.	No.
b. Weighted average number of ordinary shares outstanding during the year used in calculating basic and dilutive EPS	953,092,998	766,823,251

Options (156,779,412) and performance rights (10,511,180) have not been included in the calculation of diluted EPS because they are anti-dilutive.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 6: TRADE AND OTHER RECEIVABLES

	2021 \$	2020 \$
CURRENT		
Amounts receivable from investors for previous capital raising	-	200,000
Other receivables	9,182	9,170
	9,182	209,170
GST recoverable	15,069	35,865
	24,251	245,035

Ageing analysis

There are no customers with balances past due as at 30 June 2021 (30 June 2020: \$0).

All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

The carrying amount of the receivable is considered a reasonable approximation of fair value as this financial asset (which is measured at amortised cost) is expected to be paid within six (6) months, such that the time value of money is not significant.

All of the Group's trade and other receivables have been reviewed for indicators of impairment. None were found to be impaired and no allowance for credit losses (2020: Nil) has been recorded accordingly within other expenses.

NOTE 7: INTANGIBLE ASSETS

	2021 \$	2020 \$
Gross carrying amount		
Balance as at 1 July	2,172,310	1,467,109
Additions	691,163	705,201
Balance at 30 June	2,863,473	2,172,310
Accumulated amortisation and impairment		
Balance as at 1 July	(1,539,871)	(913,946)
Amortisation expense	(667,495)	(625,925)
Balance at 30 June	(2,207,366)	(1,539,871)
Net book value at 30 June	656,107	632,439

The intangible assets recognised by the Group is product development costs. This accounting policy required (refer Note 1(f)) the specific judgements and estimates made by the Directors in arriving at the net book value of these assets.

The product development costs capitalised are contracted costs attributable to preparing the products for their intended use. The product development assets are stated at cost less accumulated amortisation and impairment and are amortised on a straight-line basis over their useful lives of 2 years. The Group commenced the amortisation of intangible assets when the Group started to generate income in March 2016.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 8: TRADE AND OTHER PAYABLES

	2021 \$	2020 \$
CURRENT (unsecured)		
Trade payables	408,049	469,906
Other creditors and accruals	242,059	224,978
Amounts payable to related parties	94,538	88,086
	744,646	782,970

Payables for superannuation and PAYG withholding are classified as other creditors and accruals.

NOTE 9: DEFERRED REVENUE

	2021 \$	2020 \$
Balance as at July 1	49,857	20,495
Receipts from customers	662,066	183,878
Revenue recognised	(235,736)	(154,516)
Balance at 30 June	476,187	49,857

Deferred revenue represents revenue paid at the commencement of the contract for access to the online education platform. Revenue is then recognised on a straight-line basis over the contract term.

NOTE 10: ISSUED CAPITAL

	2021 \$	2020 \$
988,246,660 (2020: 906,444,065) fully paid ordinary shares	24,074,690	22,710,648

	2021		2020	
a. Ordinary Shares	\$	No.	\$	No.
At the beginning of reporting period	22,710,648	906,444,065	19,254,116	713,884,564
Shares issued during the year:				
Conversion of director fees to shares	159,016	7,302,595	107,357	4,041,347
Shares issued (capital raising)	1,000,000	62,500,000	3,763,800	188,518,154
Shares issued to corporate advisor	205,026	12,000,000	-	-
Transaction costs on shares issued	-	-	(414,625)	-
At reporting date	24,074,690	988,246,660	22,710,648	906,444,065

The share capital of KneoMedia Limited consists only of fully paid ordinary shares. The shares do not have a par value. At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

b. Capital Management

Management controls the capital of the Group in order to maintain a good debt to equity ratio, aims to provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 10: ISSUED CAPITAL (CONTINUED)

Under ASX Listing Rule 7.1 the Group has the ability to issue 15% of its issued capital in a 12 month period. An additional 10% is permitted if approved by shareholders by special resolution at the AGM.

As at 30 June 2021, the Group has 81,811,999 remaining in its placement capacity under ASX Listing Rule 7.1 and 28,144,407 under ASX Listing Rule 7.1A

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

The Group has no borrowings as at 30 June 2021 (2020: \$Nil).

NOTE 11: CASH FLOW INFORMATION

	2021 \$	2020 \$
Reconciliation of Cash Flow from Operations with Loss after Income Tax		
Loss after income tax	(3,154,187)	(3,646,919)
Non-cash flows in profit:		
Depreciation & amortisation	672,984	637,107
Foreign exchange	(26)	-
Shares issued in lieu of Directors Fees	159,016	-
Shares issued in lieu of accrued Consulting Fees	309,300	107,357
Cost of borrowing in financing activities	7,480	92,109
Changes in assets and liabilities:		
(Increase)/decrease in trade and term receivables	220,784	7,183
(Increase)/decrease in other assets	(57,905)	42,462
Increase/(decrease) in deferred revenue	426,330	-
Increase/(decrease) in trade payables and accruals	(38,324)	43,412
Increase/(decrease) in current provisions	35,333	15,232
Increase/(decrease) in non-current provisions	13,741	-
Net cash flow outflow from operations	(1,405,474)	(2,702,057)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 12: PARENT INFORMATION

The following information has been extracted from the books and records of the parent and has been prepared in accordance with the accounting standards.

STATEMENT OF FINANCIAL POSITION	2021	2020
	\$	\$
Assets		
Current Assets	147,700	1,403,910
Non-current Assets	14,140,324	12,771,114
Total Assets	14,288,024	14,175,024
Liabilities		
Current Liabilities	595,104	574,698
Non-current Liabilities	13,741	-
Total Liabilities	608,845	574,698
Equity		
Issued Capital	24,074,690	22,710,648
Reserves	264,274	160,000
Retained Earnings	(10,659,785)	(9,270,322)
Total Equity	13,679,179	13,600,326
STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME		
Total loss	(1,389,463)	(1,420,921)
Total comprehensive loss	(1,389,463)	(1,420,921)

Impairment assessment

KneoMedia Limited had a market capitalisation of \$4,941,233 as at 30 June 2021.

Guarantees

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

Contingent assets and liabilities

KneoMedia Limited had no contingent assets and liabilities as at 30 June 2021.

Contractual commitments

At 30 June 2021 KneoMedia Limited had not entered into any contractual commitments for the acquisition of property, plant and equipment (2020: Nil).

NOTE 13: CONTROLLED ENTITIES

Subsidiaries

The consolidated financial statements include the financial statements of KneoMedia Limited and the subsidiaries listed in the following tables:

	Country of Incorporation	Percentage Owned	
		2021	2020
		%	%
Virtual Communications International Pty Ltd	Australia	100	100
KneoWorld Pty Ltd	Australia	80	80
KneoWorld Inc.	United States	100	100
KneoWorld UK Limited	United Kingdom	100	100

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 13: CONTROLLED ENTITIES (CONTINUED)

Virtual Communications International Pty Ltd is a dormant entity with no operational activity.

KneoWorld Pty Ltd was registered in June 2013 to take over the 100% ownership of KneoWorld Inc, a US company based in New York and incorporated in Delaware. KneoWorld Pty Ltd is 80% owned by KneoMedia and 20% owned by unlisted company Hot Shot Media (Singapore) Proprietary Limited (HSM). KneoMedia executed a Right to Purchase Agreement with HSM to purchase the 20% HSM equity in KneoWorld Pty Ltd. The Agreement is represented on the balance sheet as a non refundable deposit to acquire monitory interest.

KneoWorld Inc. was incorporated on 15 March 2011 and is 100% owned by KneoWorld Pty Ltd.

KneoWorld UK Limited was registered on 12th June 2018 and is 100% owned by KneoWorld Pty Ltd.

Subsidiary with material non-controlling interests

The Group includes one subsidiary, KneoWorld Pty Ltd and its subsidiary KneoWorld Inc, with material Non-Controlling Interests ('NCI'):

Name	Proportion of Ownership Interests & Voting Rights Held by the NCI		Loss Allocated to NCI		Accumulated NCI	
	30-Jun-21	30-Jun-20	30-Jun-21	30-Jun-20	30-Jun-21	30-Jun-20
KneoWorld Pty Ltd	20%	20%	352,890	445,146	2,787,595	2,436,054

No dividends were paid to the NCI during the years 2021 and 2020.

Summarised financial information for **KneoWorld Pty Ltd**, before intragroup eliminations, is set out below:

	2021	2020
	\$	\$
Current assets	8,806	23,028
Non-current assets	793,713	763,535
Total Assets	802,519	786,563
Current liabilities	(686,382)	(283,453)
Non-current liabilities	(14,054,113)	(12,683,380)
Total Liabilities	(14,740,495)	(12,966,833)
Net Assets (Liabilities)	(13,937,976)	(12,180,270)
Equity attributable to owners of the Parent	(11,150,381)	(9,744,216)
Non-controlling Interests	(2,787,595)	(2,436,054)
Loss for the year attributable to owners of the Parent	(1,411,562)	(1,780,585)
Loss for the year attributable to NCI	(352,890)	(445,146)
Loss for the year	(1,764,452)	(2,225,731)
Net cash used in operating activities	(691,184)	(1,455,289)
Net cash used in investing activities	(699,793)	(705,898)
Net cash provided by financing activities	1,370,733	2,189,555
Net increase (decrease) in cash	(20,244)	28,367

Other non-controlling interests

KneoWorld Pty Ltd has a 40% shareholding in KneoWorld Philippines of which Mr James Kellett is a director.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 14: CONTINGENT ASSETS AND LIABILITIES

The Group had no material contingent assets and liabilities as at 30 June 2021 (2020: nil).

NOTE 15: RELATED PARTY TRANSACTIONS

Related parties of the Group include all key management personnel and their close family members and personal business interests (controlled entities, joint ventures and entities they have significant influence over). The Group's key management personnel are disclosed in Note 18.

Amounts payable to related parties as at 30 June 2021 was \$94,538 (2020: \$88,086) as disclosed in Note 8. This includes outstanding director fees of \$46,200 (2020: \$69,300). In lieu of payment the 2020 outstanding balance was settled by share capital.

Marketing expenses includes \$204,191 (2020: \$198,151) paid to related parties of directors.

All related party transactions have been entered into on an arm's length basis.

NOTE 16: FINANCIAL RISK MANAGEMENT

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and accounts payable and set out in the statement of financial position. Each of these had a carrying value that approximated fair value at reporting date.

The Group is exposed to various risks in relation to financial instruments.

The Group's overall financial risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets. The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options.

The main risk the Group is exposed to through its financial instruments is liquidity and foreign currency risk.

The risk management policies of KneoMedia Limited seek to mitigate the above risks and reduce volatility on the financial performance of the Group. Financial risk management is carried out centrally by the Finance Department of KneoMedia Limited.

a. Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

At the end of the reporting period all financial assets and liabilities had maturity terms within 60 days (2020: 60 days).

b. Foreign currency risk

The group is exposed to foreign currency risk mainly through its operating activities including the selling of services to overseas customers and payables relating to purchase of supplies and consumables from overseas suppliers.

The Group's exposure is mainly against the US dollar (USD) and Pound Sterling (GBP) and is managed through continuous monitoring of movements in exchange rates and by ensuring availability of funds through cash flow planning and monitoring.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 17: SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 12 July 2021, the Company completed a capital raising of \$650,600 through a non-brokered placement of 108,433,335 fully paid ordinary shares at \$0.006 per share to new and existing investors. The placement was done at market and no fee was paid

On 2 September 2021, the Company completed a \$1,300,000 convertible loan having a maturity date of 31 May 2022 and maximum conversion price of \$0.015.

There are no other matters or circumstances that have arisen since the end of the year that have significantly affected or may significantly affect either:

- the Group's operations in future financial years;
- the results of those operations in future financial years; or
- the Group's state of affairs in future financial years

NOTE 18: SUMMARISED KEY MANAGEMENT PERSONNEL REMUNERATION

Details of the nature and amount of each major element of the remuneration of each Director and other Key Management Personnel of the Group are:

		Short-term benefits		Post- employment	Share based payments	Total
		Salary & fees	Leave entitlement	Superannuation	In lieu of fees	
Executive Director		\$	\$	\$	\$	\$
James Kellett -CEO	2021	290,323	22,332	23,026		335,681
	2020	325,000	-	25,000	-	350,000
Franklin B. Lieberman	2021	43,401	-	-	-	43,401
	2020	48,318	-	-	-	48,318
Non-executive Director						
Jeffrey Bennett#	2021	42,000	-	-	-	42,000
	2020	42,000	-	-	-	42,000
Other KMP						
Damian O'Sullivan	2021	176,640	13,587	16,781		207,008
	2020	176,640	12,713	16,781	-	206,134
Total KMP	2021	552,364	35,919	39,807	-	628,090
Total KMP	2020	591,958	12,713	41,781	-	646,452

[#]Payables and accruals at 30 June 2021 includes \$42,000 of Directors Fees payable to Mr Bennett.

No remuneration during the year was a result of any short-term or long-term incentive plan.

Performance Rights

The performance rights granted to key management personnel are under the Group's Long-Term Incentive Plan (LTIP) to the existing three Directors. The performance rights will vest subject to a number of vesting conditions (revenue targets and continued directorship).

The table below discloses the number of performance rights granted to Directors as LTIP remuneration. The performance rights do not carry any voting or dividend rights and can be exercised once the vesting conditions have been met until their expiry date.

The rights to Directors below are conditional upon continuation as a Director until the revenue hurdle of AUD\$5m gross revenue is achieved during any given 12 consecutive months. The performance rights will lapse if the performance hurdles are not achieved by 31 December 2022. All performance rights (10,511,180), if vested, will have a fair value of \$0.0044 per share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Performance Rights (continued)

	Grant date	No. granted (‘000)	Fair value at grant date (\$)	Expiry date	Number lapsed	Balance at 30/6/2021 (‘000)	Vested (‘000)	Unvested (‘000)
James Kellett	23 Dec 2019	5,256	0.0044	31 Dec 2022	-	5,256	-	5,256
Franklin B. Lieberman	23 Dec 2019	2,628	0.0044	31 Dec 2022	-	2,628	-	2,628
Jeffrey Bennett	23 Dec 2019	2,628	0.0044	31 Dec 2022	-	2,628	-	2,628
Total		10,511	0.0044	31 Dec 2022	-	10,511	-	10,511

As at the reporting date, the Group did not recognise any performance rights expense to the statement of profit or loss and other comprehensive income in the view that the probability of achieving the performance conditions of the performance rights for exercise are uncertain.

The fair value of the Performance Rights was determined using the Black-Scholes model using the following inputs:

Share Price at grant date	\$0.025
Share Price at measurement date	\$0.015
Risk free interest rate	0.95%
Volatility	65%
Valuation	\$46,508

NOTE 19: SHARE OPTIONS

Set out below are summaries of options granted to corporate advisors during the year and outstanding at the end of the year.

Grant date	Expiry Date	Exercise Price (\$)	Balance at the start of the year	Granted	Exercised	Balance at the end of the year
8 May 2020	8 May 2022	0.04	20,000,000	-	-	20,000,000
8 May 2020	8 May 2022	0.04	20,000,000	-	-	20,000,000
23 Oct 2020	23 Oct 2023	0.015	-	12,000,000	-	12,000,000
Weighted average exercise price			\$0.04	\$0.015	\$0.000	\$0.034

Set out below are the options exercisable at the end of the financial year.

Grant date	Expiry Date	30 June 2021 No	30 June 2020 No
8 May 2020	8 May 2022	40,000,000	40,000,000
23 Oct 2020	23 Oct 2023	12,000,000	-
Total		52,000,000	40,000,000

The weighted average remaining contractual life of options outstanding at the end of the financial year was 1.2 years (30 June 2020: 1.9 years)

For options granted during the current financial year, the valuation model inputs used to determine the value at the grant date, are as follows:

Grant date	Expiry Date	Share price at grant date (\$)	Share price at measurement date (\$)	Exercise Price (\$)	Expected Volatility	Risk-free interest rate	Fair value at grant date (\$)
23 Oct 2020	23 Oct 2023	0.023	0.018	0.015	65%	0.45%	0.0087

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The consolidated financial statements and notes, as attached are in accordance with the Corporations Act 2001 and:
 - a) give a true and fair view of the financial position as at 30 June 2021 and of the performance for the year ended on that date of the Group; and
 - b) comply with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
 - c) in the director's opinion, further to the matters included in Note 1(a), there are reasonable grounds to believe that KneoMedia Limited will be able to pay its debts as and when they become due and payable; and
2. The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the chief executive officer and chief financial officer (or equivalent) for the financial year ended 30 June 2021; and
3. The consolidated financial statements comply with International Financial Reporting Standards.

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



James Kellett,
Executive Chairman

22 September 2021

KneoMedia Limited

Independent auditor's report to members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of KneoMedia Limited (the Company) and its controlled entities (together, the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (i) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

ACCOUNTANTS & ADVISORS

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Key Audit Matters

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

RECOGNITION OF REVENUE	
Area of focus	How our audit addressed it
<p>As required by AASB 15 <i>Revenue from Contracts with Customers</i>, revenue is disclosed in Note 1. The Group's revenue is derived primarily from the sale of subscription services to the eLearning SaaS platform with revenue being recognised over time.</p> <p>This area is a key audit matter due to the judgement required in determining the allocation of revenue to performance obligations and whether revenue is appropriately recognised in the correct accounting period.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> — The evaluation of revenue recognition policies for all material sources of revenue to ensure that revenue is recognised in-accordance with AASB 15; — Examining management's assessment of achievement of performance milestones relevant to material revenue contracts; — Performing detailed cut-off testing to ensure that revenue transactions throughout the year end had been recorded in the correct financial period. <p>We also assessed the disclosures in the financial statements surrounding the adoption of the new revenue recognition policy.</p>
CAPITALISATION AND IMPAIRMENT OF INTANGIBLE ASSETS	
Area of focus	How our audit addressed it
<p>The Group has capitalised a total of \$656,107 to product development costs in its statement of financial position.</p> <p>These product development costs are capitalised in accordance with the requirements of AASB 138 <i>Intangible Assets</i> as they relate to development of a product that can be and is commercialised and are not research activities</p> <p>For intangible assets with useful lives, the Group is required to review these for impairment whenever events or changes in circumstances indicate that their carrying value amounts may not be recoverable, and at least annually review whether there is any change in their expected useful life.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> — Reconciling movements in product development costs for the year, and tracking those costs against the overall approved budget for the development project; — Vouching additions to either contractor invoices or payroll records to ensure that the Group could substantiate the nexus of those costs to development activities; — Understanding the underlying project to ensure that it had no indicators of impairment; — Recomputing the amortisation charge for the year; and — Evaluation of management's assessment on whether any events or change in circumstances indicate that there may be a change in the expected useful lives of intangible assets.

Whilst these capitalised costs are being amortised on a straight-line basis over a two-year period, there is a risk that the carrying values may not be recoverable.	We also assessed the disclosures in the financial statements surrounding the capitalisation and impairment of intangible assets.
MANAGEMENT OF AVAILABLE WORKING CAPITAL	
Area of focus	How our audit addressed it
<p>The Group is in early stages of scaling revenues from its education platform. As a consequence of this, it needed to fund its operations throughout the year through the issue of new equity to investors in conjunction with the revenues it has generated during the year.</p> <p>In considering the cash flow needs going forward, the directors expect, based upon comprehensive cashflow forecasting, that the Group will have sufficient available reserves of working capital in order to meet the Group's operating and investing cash flow needs.</p> <p>In July 2021, the Group raised \$650k of additional share capital and in September 2021 the Group raised \$1.3m in convertible notes from sophisticated investors. These notes, which mature in May 2022 are convertible at the discretion of the noteholder for their face value for either cash or at conversion terms of a 20% VWAP discount over the last 15 trading days prior to conversion, subject to a maximum price of \$0.015 per share.</p>	<p>Our audit procedures centered around examining the Group's cash flow forecast, extending 12 months from the date of this report, which included the following:</p> <ul style="list-style-type: none"> — Agreeing cash received from a raising of share capital completed subsequent to the year end to bank statement; — Examining the contract of convertible notes issued subsequent to the year end and assessing the conversion terms; — Agreeing cash received from the issue of convertible notes subsequent to the year end to bank statement; — Examining the likelihood of conversion of convertible notes issued subsequent to the year end; and — Assessing the forecasted cash flows of the Group and its ability to flex its expenditures to changes in revenue levels as well as flex is expected revenues to be derived from contracts.

Other Information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2021 but does not include the financial report and the auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our independent auditor's report.

Report on the Remuneration Report

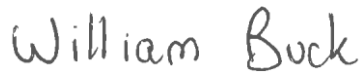
Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of KneoMedia Limited for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

**William Buck Audit (Vic) Pty Ltd**

ABN: 59 116 151 136

**N.S. Benbow**

Director

Melbourne, dated this 22nd day of September, 2021

ADDITIONAL SECURITIES EXCHANGE INFORMATION

In accordance with ASX Listing Rule 4.10, the Company provides the following information to shareholders not elsewhere disclosed in this Annual Report. The information provided is current as at 22 September 2021 (**Reporting Date**).

Corporate Governance Statement

The Company's Directors and management are committed to conducting the Group's business in an ethical manner and in accordance with the highest standards of corporate governance. The Company has adopted and substantially complies with the ASX Corporate Governance Principles and Recommendations (Fourth Edition) (**Recommendations**) to the extent appropriate to the size and nature of the Group's operations.

The Company has prepared a statement which sets out the corporate governance practices that were in operation throughout the financial year for the Company, identifies any Recommendations that have not been followed, and provides reasons for not following such Recommendations (**Corporate Governance Statement**).

In accordance with ASX Listing Rules 4.10.3 and 4.7.4, the Corporate Governance Statement will be available for review on KneoMedia's website, www.kneomedia.com (**Website**) and will be lodged together with an Appendix 4G with ASX at the same time that this Annual Report is lodged with ASX. The Appendix 4G will particularise each Recommendation that needs to be reported against by KneoMedia and will provide shareholders with information as to where relevant governance disclosures can be found.

The Company's corporate governance policies and charters are all available on KneoMedia's Website.

Substantial holders

As at the Reporting Date, substantial holders of KneoMedia shares based on substantial holder notices received by the Company are as follows:

Substantial holders	Number of shares held	% of total issued share capital
Lind Global Macro Fund LP	62,500,000	5.699
Barrijag Pty Ltd <The Hadley Super Fund A/C>	72,002,474	6.565

Distribution of equity securities

As at the Reporting Date, the number of holders in each class of equity securities on issue in KneoMedia is as follows:

Class of Equity Securities	Number of holders
Ordinary Shares	1,598
Options exercisable at \$0.04 on or before 8 May 2022	2
Options exercisable at \$0.04 on or before 9 July 2022	63
Options exercisable at \$0.015 on or before 23 Oct 2023	2
Options exercisable at \$0.03 on or before 11 Dec 2023	1
Performance Rights	3

Distribution of holders of equity securities

The distribution of holders of equity securities on issue in the Company as at the Reporting Date is as follows:

Distribution of ordinary shareholders

Holdings Ranges	Holders	Total Units	%
1 – 1,000	332	32,149	0.000
1,001 – 5,000	57	184,519	0.020
5,001 – 10,000	70	574,262	0.050
10,001 – 100,000	520	25,435,369	2.320
100,001 and above	619	1,070,453,696	97.610
Totals	1,598	1,096,679,995	100.00

Distribution of holders of options exercisable by 8 May 2022 at \$0.04 each

Holdings Ranges	Holders	Total Units	%
1 – 1,000	-	-	-
1,001 – 5,000	-	-	-
5,001 – 10,000	-	-	-
10,001 – 100,000	-	-	-
100,001 and above	2	40,000,000	100.00
Totals	2	40,000,000	100.00

Distribution of holders of options exercisable by 9 July 2022 at \$0.04 each

Holdings Ranges	Holders	Total Units	%
1 – 1,000	-	-	-
1,001 – 5,000	-	-	-
5,001 – 10,000	-	-	-
10,001 – 100,000	-	-	-
100,001 and above	63	73,529,412	100.00
Totals	63	73,529,412	100.00

Distribution of holders of options exercisable by 23 October 2023 at \$0.015 each

Holdings Ranges	Holders	Total Units	%
1 – 1,000	-	-	-
1,001 – 5,000	-	-	-
5,001 – 10,000	-	-	-
10,001 – 100,000	-	-	-
100,001 and above	2	12,000,000	100.00
Totals	2	12,000,000	100.00

Distribution of holders of options exercisable by 11 December 2023 at \$0.03 each

Holdings Ranges	Holders	Total Units	%
1 – 1,000	-	-	-
1,001 – 5,000	-	-	-
5,001 – 10,000	-	-	-
10,001 – 100,000	-	-	-
100,001 and above	1	31,250,000	100.00
Totals	1	31,250,000	100.00

Distribution of performance rights holders

Holdings Ranges	Holders	Total Units	%
1 – 1,000	-	-	-
1,001 – 5,000	-	-	-
5,001 – 10,000	-	-	-
10,001 – 100,000	-	-	-
100,001 and above	3	10,511,180	100.00
Totals	3	10,511,180	100.00

Less than marketable parcels of ordinary shares

The number of holders of less than a marketable parcel of ordinary shares based on the closing market price at the Reporting Date is as follows:

Total Securities	UMP Shares	UMP Holders	% of issued shares held by UMP holders
1,096,679,995	8,294,856	749	0.756

Twenty largest shareholders

The Company only has one class of quoted securities, being ordinary shares. The names of the 20 largest holders of ordinary shares, and the number of ordinary shares and percentage of capital held by each holder is as follows:

Holder Name	Balance as at Reporting Date	% of total shares on issue
BARRIJAG PTY LTD <THE HADLEY SUPER FUND A/C>	72,002,474	6.565
LIND GLOBAL MACRO FUND LP	62,500,000	5.699
ARMCO BARRIERS PTY LTD	30,200,000	2.754
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	28,902,196	2.635
MR MARK GREGORY KERR & MRS LINDA MARIE KERR <LINDMARK INV STAFF S/F A/C>	24,852,843	2.266
INVIA CUSTODIAN PTY LIMITED <ANDREW WILLIAM BLACKMAN A/C>	23,922,095	2.181
ACN 644 931 108 PTY LTD	23,500,000	2.143
MR HAMISH GORDON MACKIRDY	20,200,000	1.842
OTIS DEVELOPMENTS PTY LTD	18,000,000	1.641
R J & A INVESTMENTS PTY LTD <MULLER MORVAN FAMILY A/C>	17,500,000	1.596
FURNEAUX MANAGEMENT PTY LTD	17,665,714	1.611
MR PAUL RICHARD FIELDING	16,000,000	1.459
SEREC PTY LTD	15,000,000	1.368
MS LINDA LOUISE HUTCHISON	14,588,352	1.330
MR IAN ALASTAIR LEETE & MRS HELEN LEETE <THE LEETE FAMILY S/F A/C>	14,164,655	1.292
HIXON PTY LTD	13,836,954	1.262
KABILA INVESTMENTS PTY LIMITED	13,083,967	1.193
MARIE SCODELLA & ASSOCIATES PTY LTD <M SCODELLA & ASS SUPER A/C>	12,073,313	1.101
ROPAT NOMINEES PTY LTD <ROBERT HOSKING FAMILY A/C>	11,666,667	1.064
LIND GLOBAL FUND II LP	11,666,667	1.064
Total number of shares of top 20 holders	461,325,897	42.066
Total remaining holders balance	635,354,098	57.934

Unquoted equity securities

The number of each class of unquoted equity securities on issue, and the number of their holders, are as follows:

Class of Equity Securities	Number of unquoted Equity Securities	Number of holders
Options exercisable at \$0.04 on or before 8 May 2022	40,000,000	2
Options exercisable at \$0.04 on or before 9 July 2022	73,529,412	63
Options exercisable at \$0.015 on or before 23 Oct 2023	12,000,000	2
Options exercisable at \$0.03 on or before 11 Dec 2023	31,250,000	1
Performance Rights	10,511,180	3

The names of the holders of 20% or more of the equity securities in an unquoted class and the number of equity securities held by each of these holders (other than in the case of securities issued or acquired under an employee incentive scheme) are as follows:

Holder Name	Class of unquoted Equity Securities	Number of unquoted Equity Securities held	% of total unquoted Equity Securities in the relevant class
Melbourne Capital Limited	Options exercisable at \$0.04 on or before 8 May 2022	20,000,000	50.00%
Peloton Capital Pty Ltd	Options exercisable at \$0.04 on or before 8 May 2022	20,000,000	50.00%
Diamond Trading and Consulting Pty Ltd	Options exercisable at \$0.015 on or before 23 Oct 2023	10,000,000	83.33%
Lind Global Marco Fund	Options exercisable at \$0.03 on or before 11 Dec 2023	31,250,000	100.00%

Voting rights of equity securities

The only class of equity securities on issue in the Company which carry voting rights are ordinary shares.

As at the Reporting Date, there were 1,598 holders of a total of 1,096,679,995 ordinary shares of the Company.

At a general meeting of the Company, every holder of ordinary shares is entitled to vote in person or by proxy or attorney; and on a show of hands every person present who is a member has one vote, and on a poll every person present in person or by proxy or attorney has one vote for each ordinary share he holds.

Voluntary escrow

There are no securities on issue in KneoMedia that are subject to voluntary escrow.

Stock exchange listing

KneoMedia's ordinary shares are quoted on the Australian Securities Exchange (ASX issuer code: KNM).

On-market buyback

The Company is not currently conducting an on-market buy-back.

Issues of securities

There are no issues of securities approved for the purposes of item 7 of section 611 of the Corporations Act which have not yet been completed.

On-market purchase of securities under employee incentive scheme

No securities were purchased on-market during the reporting period under or for the purposes of an employee incentive scheme; or to satisfy the entitlements of the holders of options or other rights to acquire securities granted under an employee incentive scheme.

Company secretary

The Company's secretary is Ms Eryl Baron

Registered office

The address and telephone number of the Company's registered office are:

Level 7, 411 Collins Street
Melbourne VIC 3000

Telephone: +61 1300 155 606

Share registry

The address and telephone number of the Company's share registry, Boardroom Pty Limited, are:

Boardroom Pty Limited
Level 12, 225 George Street
Sydney New South Wales 2000

Telephone: (02) 9290 9600