

Market Announcement

27 November 2019

Attached for the information of the market is ASX's query letter to Zyber Holdings Ltd (ASX:ZYB) dated 20 November 2019 and ZYB's response dated 27 November 2019.

ASX's enquiries into the matters dealt with in that correspondence are ongoing.



Executive Chairman
George Hatzipapas

Non-Executive Director
John Tomaras
Ted Tzovaras

Company Secretary
Henry Kinstlinger

27 November 2019

Penelope Reid
Adviser, Listings Compliance (Perth)

ListingsCompliancePerth@asx.com.au

Dear Penelope

We write in response to Query Regarding ZYB Responses to ASX Query Letter dated 20 November 2019 (**Responses to Qualified Query Letter**).

The Company responds seriatim to the Responses to Qualified Query Letter as follows:

1. ***Please provide a copy of the minutes for the ZYB board meeting that, according to the Full Year Accounts took place on 23 October 2019, at which the Board of Directors resolved that the related party loan be reduced by:***
 - 1.1. ***an amount of \$233,336 representing the accrued remuneration fees from 21 February 2018 to 30 September 2019; and***
 - 1.2. ***an amount of those “expenditures for reimbursements by the company and as approved by the Board of Directors”.***

Attached, but not for release to market.

2. ***ZYB’s response to Question 5.4 in the Accounts Query Response attached bank statements showing payments of \$5,000 and \$95,000 from “HCoat” to ZYB, which were said to be partial repayments of the related-party loan. Please explain who “HCoat” is and how the amounts in question reduced the balance of the related party loan.***

HCoat is the account code for Havecoat Contractors Pty Ltd (ACN 098 078 758), a company to which Mr Hatzipapas is the only shareholder and sole director. HCoat received the funds (on direction) and repaid the monies accordingly.

3. ***ZYB’s response to Question 9 in the Accounts Query Response refers to a “section 295A(2) letter” received by the ZYB Board. Please provide a copy of that letter to ASX (not for release to market).***

Attached.

4. ***ASX notes the attachment to the Accounts Query Response entitled “ZYB Circular – 23 October 2019 APPENDIX” which contains a detailed list of expenses incurred by Mr Hatzipapas for the period 8 August 2016 to 29 August 2018 totalling \$58,694.06. Included in those expenses are:***

- 4.1. ***Cash drawings totalling \$16,479, including cash drawings in Las Vegas totalling \$4,177.96.***
- 4.2. ***Expenses incurred at Woolworths totalling \$2,931, including cash drawings of approximately \$1,830.***
- 4.3. ***Other expenses set out below over the period from 17 July 2017 to 3 April 2018:***

Item	\$Amount
Event Cinemas WA Entertainment	44.00
McDonald’s Personal/Drawings	103.15
Aquatic Spa Vancouver Travel Expenses	104.94
Vegas Jewelry Las Vegas USD 51.39 Travel Expenses	68.06
Vegas Jewelry Las Vegas USD 18.81 Travel Expenses	24.91
Holey Moley Perth Entertainment	19.00
Bunnings Perth Travel Expenses	32.60

Please explain the process the ZYB Board underwent to satisfy itself that these were corporate expenses that were properly reimbursable by ZYB and therefore appropriately offset against the balance owing on the related party loan.

Each of the queried expenses were incurred prior to the appointment of the current independent directors to the Board. For the purposes of considering and approving the expenses, the current directors have had the Company's accounting staff review available vouchers and interview the claimant. They were satisfied that the expenses were properly incurred in the conduct of the development and business affairs of the Company.

5. Please explain of the process for approving Mr Hatzipapas' expense claims generally.

The general process for approving expenses incurred by Mr Hatzipapas is consistent to that applicable to all officers of the Company:

- The expense must be for a proper business purpose of the Company;
- The expense is to be supported by a recognised voucher (receipt, invoice or itemised on a credit/debit card statement or EFTPOS device); and
- The Company accountant is to refer any item that does not meet the above criteria to a non-associated officer.

The Company's auditors require board consideration and approval for any item that does not meet recognised industry practice.

6. Please explain how cash expenses incurred by Mr Hatzipapas before he was appointed to the ZYB Board in September 2018 are reimbursable by ZYB.

Mr Hatzipapas's was engaged by the Company on or around February 2016 to provide various services to the Company, including corporate advisory, investor relations, public relations and general business development. This preceded his appointment to the board. The expenses were incurred in the provision of these services.

7. Please explain why cash expenses allegedly incurred by Mr Hatzipapas as long ago as 8 August 2016 were left outstanding rather than reimbursed.

Mr Hatzipapas did not consider the expenses sufficiently material to warrant regular reimbursement. The current board has formed the view that officers' expenses need to be reconciled and reimbursed at the end of each reporting period.

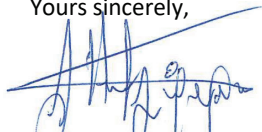
8. Please confirm that ZYB is complying with the Listing Rules and, in particular, Listing Rule 3.1.

Yes.

9. Please confirm that ZYB's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of ZYB with delegated authority from the board to respond to ASX on disclosure matters.

Yes.

Yours sincerely,



George Hatzipapas
Executive Chairman



20 November 2019

Mr Henry Kinstlinger
Company Secretary
Zyber Holdings Limited
Suite 5, Level 12
53 Martin Place, Sydney NSW 2000

By email: henryk@mmrcorporate.com

Dear Mr Kinstlinger

Zyber Holdings Ltd ("ZYB"): Query Regarding ZYB Responses to ASX Query Letter

ASX refers to:

- A. ZYB's announcement released on the ASX Market Announcements Platform ("MAP") on 21 February 2018 entitled "Board Changes" which advised that that Mr George Hatzipapas had been appointed to the ZYB Board.
- B. ZYB's full year accounts for the full year ended 30 June 2019 lodged with MAP and released on 5 November 2019 ("Full Year Accounts").
- C. ASX notes that the Independent Auditor's Report attached to the Full Year Accounts ("Auditor's Report") contains a qualified opinion together with the basis for qualified opinion:

"Qualified Opinion"

We have audited the financial report of Zyber Holdings Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, 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 the directors' declaration.

In our opinion, except for the matter described in the Basis for Qualified Opinion section of our report, the financial report of the Group is in accordance with the Corporations Act 2001, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and*
- (ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.*

Basis for Qualified Opinion

As at 30 June 2019, the Group had a related party loan receivable balance of \$551,537. We were unable to obtain sufficient appropriate evidence on the valuation of the loan receivable balance as the directors of the Company have been unable to provide an assessment on the recoverability of the amount as at 30 June 2019. Consequently, we were unable to determine whether any adjustments to this amount were necessary.

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

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

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

Material Uncertainty Related to Going Concern

Without further modifying our opinion, we draw attention to Note 1 in the financial report, which indicates that the Group incurred a net loss of \$843,039 and had net cash outflows from operating and investing activities of \$418,938 and \$550,000 respectively for the year ended 30 June 2019. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not further modified in respect of this matter."

D. ASX further notes that the Full Year Accounts includes the following note, Note 22:

"...On 11 October 2019, the Board of Directors resolved to:

- Fix the gross annual remuneration for George Hatzipapas for Executive management services at \$90,000, effective 21 February 2018 and the director is also to receive \$60,000 gross per annum in his capacity as Chairman of the Company, effective 15 May 2018;*
- Fix the gross annual remuneration for each non-executive director at \$25,000 per annum. It was further resolved that the total remuneration payable to non-executive directors will be through the issue of 148,810 fully paid ordinary shares in the Company at a deemed issue price of approximately 1.4 cents per share for each month or part thereof, subject to prior shareholder approval at a meeting of shareholders, consistent with the Listing Rules. In the event shareholders do not approve the issue of shares, the amount accrued at the date of the meeting of shareholders will be paid in cash from working capital.*
- Fix the gross annual remuneration for the Company Secretary to \$60,000 per annum. It was further resolved that the total remuneration payable to the Company will be through the issue of 357,150 fully paid ordinary shares in the Company at a deemed issue price of approximately 1.4 cents per share for each month or part thereof, subject to prior shareholder approval at a meeting of shareholders, consistent with the Listing Rules. In the event shareholders do not approve the issue of shares, the amount accrued at the date of the meeting of shareholders will be paid in cash from working capital.*

On 27 May 2019, a loan of \$550,000 was offered to Mr Hatzipapas.

The loan is repayable no later than 31 December 2019 and accrues interest of 3% fixed for the term of the loan. An amount of \$1,537 has been included in interest revenue for the current year in relation to this loan receivable.

On 10 September 2019, \$5,000 of the loan has been repaid and on 27 September 2019, \$95,000 of the loan has been repaid.

On 23 October 2019, the Board of Directors resolved that the related party loan be reduced by an amount of \$233,336 representing the accrued remuneration fees from 21 February 2018 to

30 September 2019. It was also resolved that the related party loan be reduced by an amount of those expenditures for reimbursements by the company and as approved by the Board of Directors. The remaining amount receivable pursuant to this resolution is \$159,507.”

Based on this last figure, ASX infers that the amount of “expenditures for reimbursements by the company and as approved by the Board of Directors” was in the vicinity of \$57,157 (not factoring in any accrued interest that may have been added to the remaining amount receivable).

- E. ASX’s query letter dated 12 November 2019 and ZYB’s response letter dated 18 November 2019 (“Accounts Query Response”), released on MAP on 19 November 2019.

Request for Information

In light of the information contained in the Full Year Accounts, the Auditor’s Report and the Accounts Query Response, please respond to each of the following questions:

1. Please provide a copy of the minutes for the ZYB board meeting that, according to the Full Year Accounts took place on 23 October 2019, at which the Board of Directors resolved that the related party loan be reduced by:
 - 1.1 an amount of \$233,336 representing the accrued remuneration fees from 21 February 2018 to 30 September 2019; and
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HOLEY MOLEY PERTH ENTERTAINMENT	19.00
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 8. Please confirm that ZYB is complying with the Listing Rules and, in particular, Listing Rule 3.1.
 9. Please confirm that ZYB's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of ZYB with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

Please note that ASX reserves its right under Listing Rule 18.7A to release this letter and ZYB's response to the market. Accordingly, ZYB's response should address each question separately and be in a format suitable for release to the market.

Unless the information is required immediately under Listing Rule 3.1, a response is requested as soon as possible and, in any event by no later than **5 pm AWST Wednesday, 27 November 2019**.

Any response should be sent to me by return email at ListingsCompliancePerth@asx.com.au. It should not be sent to the ASX Market Announcements Office.

Enquiries

If you have any queries regarding any of the above, please contact me.

Yours sincerely

Penelope Reid

Adviser, Listings Compliance (Perth)