



# INTERIM FINANCIAL REPORT

For the half-year ended  
31 December 2019

# Corporate Information

## Directors

Chen Chik (Nicholas) Ong (Non-Executive Chairman)  
Matthew Fahey (Managing Director)  
David Vilensky (Non-Executive Director)  
Winnie Lai Hadad (Non-Executive Director)

## Registered and Business Office

Level 8, 99 St Georges Terrace  
Perth WA 6000

Tel: +61 8 6388 8888

Fax: +61 8 6388 8898

## Solicitors

Bowen Buchbinder Vilensky  
Level 14, 251 Adelaide Terrace  
Perth WA 6000

## Bankers

Commonwealth Bank of Australia  
ANZ Bank  
Westpac Bank

## Website

[www.vonex.com.au](http://www.vonex.com.au)

<https://investors.vonex.com.au/corporate-governance>

## Company Secretary

Daniel Smith

## Share Registry

Computershare Investor Services Pty Limited  
Level 11, 172 St Georges Terrace  
Perth WA 6000

Tel: +61 8 9323 2000

Fax: +61 8 9323 2033

## Auditor

RSM Australia Partners  
Level 32, Exchange Tower  
2 The Esplanade  
Perth WA 6000

**ASX CODE:** VN8, VN8O

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# Directors' Report

Your Directors submit their report for Vonex Limited ("Vonex" or "the Company") and controlled entities ("Consolidated Entity" or "Group") for the half-year ended 31 December 2019.

## 01 Directors

The Directors were in office for the entire period unless otherwise stated. The names of the Consolidated Entity's Directors in office during the half-year and until the date of this report are as below:

- > Mr Nicholas Ong – Non-Executive Chairman
- > Mr Matthew Fahey – Managing Director and CEO
- > Mr David Vilensky – Non-Executive Director
- > Ms Winnie Lai Hadad – Non-Executive Director

## 02 Principal Activities

The principal activity of the consolidated entity during the half-year has been the development of technologies in communications, including its established cloud hosted PBX system. One of the key ongoing R&D projects is the development of the Oper8tor app. Oper8tor aims to seamlessly link all voice calls across multiple platforms and devices around the world, as well as messaging, and by doing so will create an innovative piece of communication technology. During the half-year, Vonex received an R&D tax rebate of \$0.63m. The refund was in respect of eligible R&D activities across Vonex's portfolio, including the Oper8tor app, Sign On Glass (Channel Partner Portal), and AMPT software (Automated Management and Provisioning Tool).

On 29 November 2019, the Company announced that it had entered into a binding term sheet with 2SG Wholesale Pty Ltd ("2SG Wholesale") to acquire 2SG Wholesale's business operations as a going concern. 2SG Wholesale is a telecommunications and data wholesaler based in Brisbane, Queensland which provides Australian Managed Service Providers, ISPs and System Integrators with access to the latest in hardware and connectivity solutions from leading brands.

Other activities include the strong year on year growth within our Retail and Wholesale Telco divisions, which has been underpinned by a range of initiatives.

## 03 Results of Operations

The financial results of the Group for the half-year ended 31 December 2019 are:

	31 December 19	31 December 18	% Change
Revenue (\$)	5,617,616	4,331,797	30%
Net loss after tax (\$)	(829,383)	(1,628,791)	49%
Loss per share (cents)	(0.56)	(1.09)	49%

## 04 Dividends

There have been no dividends declared or recommended and no distributions made to shareholders or other persons during the period.

## 05 Review of Operations

During the reporting period, the Company continued to develop and grow its established cloud hosted PBX system and retail customer base. Total group sales revenues rose by 15.7% during the reporting period.

The Retail division under the Vonex Telecom brand has continued to grow its sales revenues base achieved via

the sale of IP hardware, full suite of telecommunication services including the provision of data, internet, voice (including IP voice) and billing services within Australia.

The Sign On Glass technology, developed internally, has continued to aid the Retail divisions new customer sign-up through automation and efficiency.

The reporting period has seen the Retail division achieve a 15% increase in its sales revenues along with a 14% net increase in customer accounts across the 12-month period ending 31 December 2019 (prior year growth 10%). The continued strong results have been achieved through

greater brand exposure and recognition achieved by a range of marketing and partnership initiatives.

The Wholesale division has also continued to grow its sales revenues achieved via the offering of wholesale "white-label" hosted PBX services under license to Internet Service Providers (ISPs), telcos and cloud vendors within Australia and internationally. The reporting period has seen the Wholesale division achieve a 22% increase in its direct sales revenue along with a 39% increase in the user numbers hosted with Vonex across the 12-month period ending 31 December 2019.



## 2SG Wholesale

On 29 November 2019, the Company announced that it has entered into a binding term sheet with 2SG Wholesale Pty Ltd ("2SG Wholesale") to acquire 2SG Wholesale's business operations as a going concern. 2SG Wholesale is a telecommunications and data wholesaler based in Brisbane, Queensland which provides Australian Managed Service Providers, ISPs and System Integrators with access to the latest in hardware and connectivity solutions from leading brands.

2SG Wholesale's mobile broadband capability provides Australian ISPs the opportunity to sell a wireless broadband solution via the Optus 4G Network. Integration with Australia's premier carriers facilitates the delivery of the latest fixed line, mobile connectivity and hardware solutions country-wide.

In FY19, 2SG Wholesale achieved revenue of circa \$7 million, with revenue from mobile broadband a key growth driver. 2SG Wholesale also brings a highly capable and experienced team that is well positioned to drive further growth from immediate cross sell opportunities, and a dedicated technical support team.

2SG Wholesale's mobile broadband capability provides Australian ISPs the opportunity to sell a wireless broadband solution via the Optus 4G Network. Integration with Australia's premier carriers facilitates the delivery of the latest fixed line, mobile connectivity and hardware solutions country-wide.

Following completion of the acquisition, co-founder of 2SG Wholesale, Mr. Jason Gomersall, will join the Vonex board as a Non-Executive Director. Mr Jason Gomersall is a former Director of 2SG Wholesale and is the Founder, CEO and Managing Director of iseek Communications. Mr Gomersall has long been at the forefront of the telecommunications industry and the mobile phone market since being one of the foundation franchisees of the Optus World chain of retail stores in the 1990s.

Completion of the due diligence of 2SG Wholesale was announced on 12 February 2020, with completion of the acquisition anticipated on 28 February 2020.

## Oper8tor Development

Oper8tor is a disruptive aggregated communications platform which targets the inclusion of conference, voice, message and video functionality, facilitating user communication across a broad swathe of channels. The mobile app aims to seamlessly link all voice calls as well as messaging across multiple platforms and devices.

On 9 July 2019, the Company announced that it had been undertaking third-party application unit testing and load testing during the three weeks prior to initial launch.

This testing feedback has led to the delivery of several valuable improvements by the Company's Technology Development Team which will optimise the Oper8tor user experience, including:

- > More than 30 graphical enhancements in the mobile app;
- > Comprehensive codebase upgrades to ensure smooth logins to supported chat platforms;
- > Optimising the API structure to deliver a scalable front-end that is highly functional for users and developers; and
- > More than 125 beta test builds successfully passing through Apple and Google Play's mobile app testing services, incrementally improving the app's stability.

On 20 December 2019, the Company provided an update on the development of Oper8tor. Version 1 of Oper8tor will provide a voice and messaging app with connections between two social media messaging platforms, SMS integration and voice call blast functionality to mobile and landline numbers. Future releases will target the inclusion of additional social media voice and messaging connections.

Vonex has completed major development works required after third-party testing identified opportunities to strengthen Version 1 of the Oper8tor app. This third-party testing has now reached its final stages and is very close to facilitating operational functionality with respect to Version 1 of the Oper8tor app.

The Company has surpassed several technical challenges during Q1 and Q2 of FY20, including a complete rebuild of Oper8tor's Skype connector, the inclusion of group SMS capability

on a single thread (previously only peer-to-peer), and significant coding requirements that stemmed from Google's revision of Two Factor Authentication (TFA).

During this period, internal testing has seen the Company successfully release 216 beta test builds of Oper8tor to Apple's mobile app testing service, TestFlight, and Google Play's mobile app testing service.

The Company expects to move Oper8tor's development into a phase of polishing and ensuring stability at scale in Q1 of CY20 with a closed user group to verify third party testing results. Once this phase commences, Vonex intends to release Oper8tor Version 1 to a wider community and plans to invite investors to participate in the Company's controlled launch.

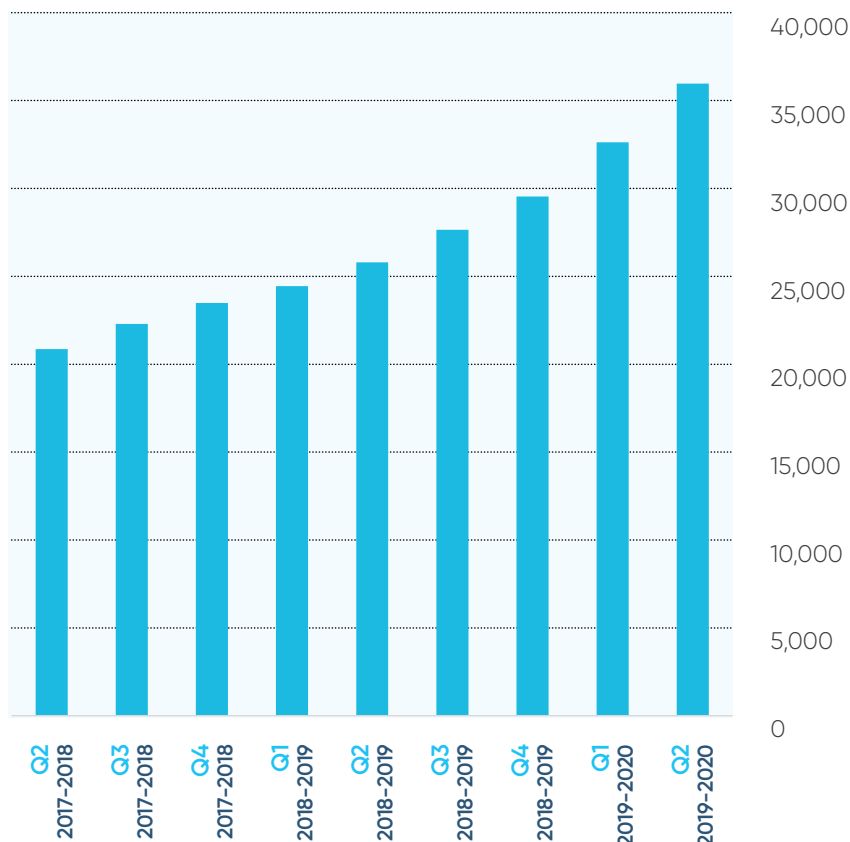
## PBX User Growth

On 7 November 2019, the Company advised that it continues to deliver consistent user growth, reaching a record 35,000 registered Private Branch Exchange (PBX) users.

Registered users of these PBX connections are a key indicator of business development progress as Vonex penetrates the multibillion-dollar Australian market for telco services to Small Medium Enterprises (SMEs). Achieving this milestone reflects the Company's strong first half of FY20, signing Total Contract Value (TCV) of new customer sales worth more than \$3m in HY FY20, an increase of 63% compared to HY sales in FY19. TCV of provisioned customers is calculated using the minimum monthly commitment multiplied by the contract length and is typically realised over a period of between two and three years.

In the last 12 months Vonex has grown its PBX userbase by approximately 22% to 36,000+ users as at January 2020. Figure 1 to the right depicts the consistent growth in PBX registrations that Vonex has delivered over the past two years.

Figure 1: PBX Registrations Last 2 Years



## Qantas Business Rewards (QBR) Partnership

On 19 June 2019, Vonex announced that it had entered a partnership as VoIP and Hosted Phone System telecommunications provider to Australia's largest business to business loyalty program, Qantas Business Rewards (QBR). The official launch of the partnership was announced 16 August, 2019.

Through this partnership, businesses of any size can now earn unlimited QBR points for every purchase made with Vonex's monthly ONdesk cloud-based phone plans – including its Traveller app, or its Commercial, Business, or Executive advanced plans which come with the most advanced IP desktop phone with built-in Bluetooth and Wi-Fi, the Yealink T5 series.

The partnership will provide valuable marketing support to Vonex over the next 24 months, presenting significant growth opportunities for Vonex.

## Customer Satisfaction

Customer satisfaction and brand image are key drivers for the Vonex business, management and staff. The Company is proud to drive and maintain extremely high standards in its delivery of customer service and support. Enhancing the customer experience is increasingly critical as the migration of customers to services delivered over the National Broadband Network (NBN) reaches its peak.

In late 2019, the Telecommunications Industry Ombudsman (TIO) reported a total of 32,801 complaints relating to the provision of Australian phone and internet services in Q1 of FY20, an increase of more than 6% compared to Q1 of FY19. As an indicator of the Company's high standards of customer service, Vonex received zero TIO complaints from customers in H1 of FY20.

## R&D Tax Rebate

On 28 October 2019, the Company announced that it had received a Research and Development Tax Incentive rebate of \$0.63 million for FY19 (FY18: \$0.31 million) from the Australian Government's Research and Development Tax Incentive Program for eligible R&D activities conducted by the Company. The refund was in respect of eligible R&D activities across Vonex's portfolio, including the Oper8tor app, Sign On Glass, and AMPT Software. Proceeds from the incentive are in line with the Company's expectations and will support Vonex's R&D initiatives in FY20.

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### ***Iron Ore Royalty Sale***

Subsequent to period end, on 3 February 2020 the Company announced it has entered into a preliminary purchase and sale agreement to dispose of its entitlements to iron ore production royalties derived from the Koolyanobbing Iron Ore Project to SilverStream SEZC, a Canadian mining-focused royalty and streaming company, for total consideration of up to A\$2,500,000 ("Royalty Disposal").

On 24 February 2020, the Company despatched a Notice of General Meeting to Shareholders. The General Meeting, to be held on 26 March 2020, is to consider the Royalty Disposal.

### **06 Auditor's Independence Declaration**

The Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 has been received and is included within the Interim Financial Report.

Signed in accordance with a resolution of the Board of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

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On behalf of the directors



**Matt Fahey**  
**Managing Director**

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# Consolidated Statement of Profit or Loss & Other Comprehensive Income

	Note	31 December 19	31 December 18
		\$	\$
Sales revenue	3	4,943,440	4,272,120
Cost of sales		(3,158,980)	(2,713,869)
Gross profit		1,784,460	1,558,251
Other revenues		674,176	59,677
Administration expenses		(552,977)	(574,161)
Amortisation		(42,337)	(45,573)
Depreciation expenses		(148,715)	(31,094)
Directors fees		(118,260)	(118,260)
Finance costs		(23,854)	(770)
Share based payment expense		(307,025)	(458,513)
Employee expenses		(1,689,007)	(1,424,018)
Other expenses		(405,844)	(594,330)
<b>Loss before income tax</b>		<b>(829,383)</b>	<b>(1,628,791)</b>
Income tax expense		-	-
<b>Net loss for the period</b>		<b>(829,383)</b>	<b>(1,628,791)</b>
<b>Other comprehensive income/(loss)</b>			
Items that may be reclassified subsequently to profit or loss			
Other comprehensive income / (loss) for the year, net of tax		-	-
<b>Total comprehensive loss for the period</b>		<b>(829,383)</b>	<b>(1,628,791)</b>
<b>Basic &amp; diluted earnings per share of loss attributable to the owners of Vonex Limited (cents per share)</b>		0.56	1.09

The accompanying notes form part of this interim financial report



# Consolidated Statement of Financial Position

	Note	31 December 19	30 June 19
		\$	\$
<b>Current Assets</b>			
Cash & cash equivalents		2,594,684	3,173,355
Trade & other receivables		636,404	616,615
Contract assets		59,885	38,670
Other current assets		360,992	305,204
<b>Total Current Assets</b>		<b>3,651,965</b>	<b>4,133,844</b>
<b>Non-current Assets</b>			
Intangible assets		967,248	981,139
Property, plant and equipment		213,062	214,479
Contract assets		18,518	17,492
Right of use assets		841,119	-
Other non-current asset		72,185	70,967
<b>Total Non-current Assets</b>		<b>2,112,132</b>	<b>1,284,077</b>
<b>Total Assets</b>		<b>5,764,097</b>	<b>5,417,921</b>
<b>Current Liabilities</b>			
Trade and other payables		1,538,978	1,578,844
Provisions		520,349	481,846
Lease liability		99,789	-
<b>Total Current Liabilities</b>		<b>2,159,116</b>	<b>2,060,690</b>
<b>Non-current Liabilities</b>			
Provisions		50,212	22,808
Lease liability		793,861	-
<b>Total Non-current Liabilities</b>		<b>844,073</b>	<b>22,808</b>
<b>Total Liabilities</b>		<b>3,003,189</b>	<b>2,083,498</b>
<b>Net Assets</b>		<b>2,760,908</b>	<b>3,334,423</b>
<b>Equity</b>			
Issued capital	4	45,484,270	45,484,270
Reserves		3,465,604	3,158,579
Accumulated losses		(46,188,966)	(45,308,426)
<b>Total Equity</b>		<b>2,760,908</b>	<b>3,334,423</b>

The accompanying notes form part of this interim financial report

# Consolidated Statement of Changes in Equity

	Issued Capital	Accumulated Losses	Reserves	Total
	\$	\$	\$	\$
<b>At 1 July 2019</b>	<b>45,484,270</b>	<b>(45,308,426)</b>	<b>3,158,579</b>	<b>3,334,423</b>
<b>Comprehensive income:</b>				
Loss for the period	–	(829,343)	–	(829,343)
<b>Total comprehensive (loss) for the period</b>	<b>–</b>	<b>(829,343)</b>	<b>–</b>	<b>(829,343)</b>
<b>Transactions with owners in their capacity as owners</b>				
Retained earnings adjustment – adoption of AASB 16	–	(51,197)	–	(51,197)
Share-based payment – performance shares & rights	–	–	307,025	307,025
<b>At 31 December 2019</b>	<b>45,484,270</b>	<b>(46,188,966)</b>	<b>3,465,604</b>	<b>2,760,908</b>
<b>At 1 July 2018</b>	<b>45,242,507</b>	<b>(42,516,804)</b>	<b>2,353,604</b>	<b>5,079,307</b>
<b>Comprehensive income:</b>				
Loss for the period	–	(1,628,791)	–	(1,628,791)
<b>Total comprehensive (loss) for the period</b>	<b>–</b>	<b>(1,628,791)</b>	<b>–</b>	<b>(1,628,791)</b>
<b>Transactions with owners in their capacity as owners</b>				
Issue of shares (net of costs)				
– Share based payments	148,625	–	–	148,625
– Settlement of trade payables	38,280	–	–	38,280
Share-based payment – performance shares & rights	–	–	309,888	309,888
<b>At 31 December 2018</b>	<b>45,429,412</b>	<b>(44,145,595)</b>	<b>2,663,492</b>	<b>3,947,309</b>

The accompanying notes form part of this interim financial report

# Consolidated Statement of Cash Flows

	31 December 19	31 December 18
	\$	\$
<b>Cash Flows From Operating Activities</b>		
Receipts from customers	5,027,399	4,457,223
Payments to suppliers & employees	(6,087,641)	(5,703,692)
Research & development grant received	629,569	-
Interest paid	(947)	(770)
Interest received	6,372	11,560
<b>Net cash used in operating activities</b>	<b>(425,248)</b>	<b>(1,235,679)</b>
<b>Cash Flows From Investing Activities</b>		
Payments for property, plant & equipment	(45,560)	(93,061)
Proceeds from disposal of property, plant & equipment	218	-
Payment for research & development (intangibles)	-	(6,787)
Net movement in bonds	-	3,919
<b>Net cash used in investing activities</b>	<b>(45,342)</b>	<b>(95,929)</b>
<b>Cash Flows From Financing Activities</b>		
Net payment of borrowings	(362)	(26,850)
Payments for operating leases	(83,938)	-
Interest paid on operating leases	(22,907)	-
<b>Net cash used in financing activities</b>	<b>(107,207)</b>	<b>(26,850)</b>
<b>Net (decrease)/increase in cash &amp; cash equivalents</b>	<b>(577,797)</b>	<b>(1,358,458)</b>
Cash & cash equivalents at the beginning of the financial year	3,173,355	5,223,854
Exchange rate movements	(874)	-
<b>Cash &amp; cash equivalents at end of the financial year</b>	<b>2,594,684</b>	<b>3,865,396</b>

The accompanying notes form part of this interim financial report

# Notes to the Consolidated Financial Statements

## 01 Basis of Preparation of the Interim Financial Report

### *Basis of Preparation*

These general purpose financial statements for the interim half-year reporting period ended 31 December 2019 have been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards including AASB 134: "Interim Financial Reporting". Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 134 "Interim Financial Reporting".

This interim financial report does not include full disclosures of the type normally included in an annual report. It is recommended that this interim financial report be read in conjunction with the annual financial report for the year ended 30 June 2019 and any public announcements made by Vonex Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

A summary of the material accounting policies adopted by the consolidated entity in the preparation of the financial report can be found in the annual financial report for the year ended 30 June 2019. The accounting policies have been consistently applied, unless otherwise stated.

### *New and Revised Accounting Standards and Interpretations*

The consolidated entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these new and revised Accounting Standards and Interpretations has not resulted in a significant or material change to the consolidated entity's accounting policies.

Any new or amended Accounting Standards or interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

### *AASB 16 Leases*

The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

The impact of the new standard that was recognised at 1 July reflected a reported increase in assets by \$889,940 and liabilities increase by \$941,146. The Company recognised \$22,907 in interest expense and \$103,630 in additional depreciation as a result of the new standard for the reporting period.

## 02 Segment Information

### *Identification of reportable segments*

The Group has identified its operating segments based the Group's service offerings, which represents retail and wholesale services within the telecommunications industry. The three main operating segments are:

**Retail:** engaged in the sale of hardware and the full suite of telecommunication services including the provision of data, internet, voice (including IP voice) and other services within Australia.

**Wholesale:** engaged in offering wholesale "white-label" hosted PBX services under license for Internet Service Providers ("ISPs"), Telco's and Cloud Vendors within Australia and Internationally.

**Corporate:** engaged in managing the corporate affairs of the Group, including capital-raising, development projects such as the Oper8tor app and listing endeavours.

### *Basis of accounting for purposes of report by operating segments*

Unless stated otherwise, all amounts reported within the operating segments are by determined in accordance with accounting standards adopted within the annual financial report.

### *Segment assets and liabilities*

Segment assets and liabilities have been identified based where the direct relationship that exists in the provision of services within the two main operating segments.

### *Unallocated items*

Items of revenue, expense, assets and liabilities that are not allocated to operating segments if they are considered part of the core operations of any segment.

The segment information provided to the Board of Directors for the reportable segments for the period ended 31 December 2019 are as follows:

31 December 19	Retail	Wholesale	Corporate	Consolidated
	\$	\$	\$	\$
<b>Revenue</b>				
Customer sales	4,234,635	708,805	–	4,943,440
Other revenues	11,475	26,760	629,569	667,804
Interest recieved	1,012	–	5,360	6,372
<b>Total segment revenue</b>	4,247,122	735,565	634,929	5,617,616
Segment result before income tax	70,919	59,316	(959,618)	(829,383)
<b>Loss before income tax</b>				(829,383)
Segment assets	3,008,877	411,646	2,343,574	5,764,097
<b>Total assets</b>				5,764,097
Segment liabilities	1,142,049	(33,710)	1,894,850	3,003,189
<b>Total liabilities</b>				3,003,189

#### 31 December 18

<b>Revenue</b>				
Customer sales	3,694,380	577,740	–	4,272,120
Other revenues	12,798	5,683	29,636	48,117
Interest recieved	1,012	2,320	8,228	11,560
<b>Total segment revenue</b>	3,708,190	585,743	37,864	4,331,797
Segment result before income tax	226,337	36,854	(1,891,982)	(1,628,791)
<b>Loss before income tax</b>				(1,628,791)
Segment assets	1,742,289	138,092	4,117,663	5,998,044
<b>Total assets</b>				5,998,044
Segment liabilities	1,212,148	240,549	598,038	2,050,735
<b>Total liabilities</b>				2,050,735

Segment information (continued):

31 December 19	Retail	Wholesale	Corporate	Consolidated
	\$	\$	\$	\$
<b>EBITDA</b>	142,974	70,057	(833,880)	(620,849)
Depreciation and amortisation				(191,052)
Interest revenue				6,372
Finance costs				(23,854)
<b>Loss before income tax expense</b>				<b>(829,383)</b>
Income tax expense				-
<b>Loss after income tax expense</b>				<b>(829,383)</b>
<b>31 December 18</b>				
<b>EBITDA</b>	233,835	44,332	(1,841,081)	(1,562,914)
Depreciation and amortisation				(76,667)
Interest revenue				11,560
Finance costs				(770)
<b>Loss before income tax expense</b>				<b>(1,628,791)</b>
Income tax expense				-
<b>Loss after income tax expense</b>				<b>(1,628,791)</b>



### 03 Revenue

#### Revenue from customers

	31 December 19	31 December 18
	\$	\$
Sales revenue	4,943,440	4,272,120

#### Disaggregation of revenue

The disaggregation of revenue from customers is as follows:

Consolidated - 31 December 2019	Retail	Wholesale	Corporate	Total
	\$	\$	\$	\$
<b>Major service lines</b>				
Telephony	3,005,520	-	-	3,005,520
Internet	844,003	-	-	844,003
Hardware	385,112	-	-	385,112
Hosted PBX	-	708,805	-	708,805
	4,234,635	708,805	-	4,943,440
<b>Geographical regions</b>				
Australia	4,234,635	686,030	-	4,920,665
United States of America	-	22,775	-	22,775
	4,234,635	708,805	-	4,943,440

Consolidated - 31 December 2018	Retail	Wholesale	Corporate	Total
	\$	\$	\$	\$
<b>Major service lines</b>				
Telephony	2,834,553	-	-	2,834,553
Internet	636,629	-	-	636,629
Hardware	223,198	-	-	223,198
Hosted PBX	-	577,740	-	577,740
	3,694,380	577,740	-	4,272,120
<b>Geographical regions</b>				
Australia	3,694,380	552,452	-	4,246,832
United States of America	-	25,288	-	25,288
	3,694,380	577,740	-	4,272,120

## 04 Issued Capital

### a) Ordinary Shares

	31 December 19		30 Jun 19	
	\$	No.	\$	No.
Fully paid ordinary shares	45,484,270	149,343,362	45,484,270	149,343,362

			Issue Price
	\$	No.	\$
Balance at 30 June 2019		45,484,270	149,343,362
Movement in ordinary shares			
Balance at 31 December 2019		45,484,270	149,343,362

### b) Options

As at the reporting date the company had the following listed and unlisted option on issue:

Grant date	Expiry date	Exercise price	Balance at end of period
30/08/2017	03/08/2020	\$0.90	133,750
30/11/2017	30/11/2022	\$0.20	14,719,731
07/06/2018	07/06/2020	\$0.20	7,500,000
07/06/2018	07/06/2023	\$0.30	14,500,000
05/06/2019	30/11/2022	\$0.20	5,015,060
			<b>41,868,541</b>

## 05 Contingent Assets and Liabilities

There are no contingent assets and liabilities at the reporting date.

## 06 Events Subsequent to Reporting Date

Subsequent to the Period on 3 February 2020 the Company announced it has entered into a preliminary purchase and sale agreement to dispose of its entitlements to iron ore production royalties derived from the Koolyanobbing Iron Ore Project to SilverStream SEZC, a Canadian mining-focused royalty and streaming company, for total consideration of up to A\$2,500,000 ("Royalty Disposal").

On 24 February 2020, the Company despatched a Notice of General Meeting to Shareholders. The General Meeting, to be held on 26 March 2020, is to consider the Royalty Disposal.

Other than the above there are no other matters or circumstances that have arisen since 31 December 2019 that have or may significantly affect the operations, results, or state of affairs of the consolidated entity in future financial periods.

# Directors' Declaration

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The Directors of Vonex Limited declare that:

1. The consolidated financial statements and notes, as set out in this half-year financial report:
  - a. Comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - b. Give a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date.
2. In the Directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The declaration is made in accordance with a resolution of the Board of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in black ink, appearing to be 'Matt Fahey', with a stylized flourish extending to the right.

**Matt Fahey**  
**Executive Director**

Dated this 28th day of February 2020

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RSM Australia Partners

Level 32, Exchange Tower  
2 The Esplanade Perth WA 6000  
GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100

F +61 (0) 8 9261 9111

[www.rsm.com.au](http://www.rsm.com.au)

**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF  
VONEX LIMITED**

**Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Vonex Limited which comprises the statement of financial position as at 31 December 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

*Directors' Responsibility for the Half-Year Financial Report*

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Vonex Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Vonex Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

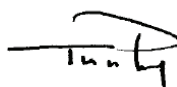
## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Vonex Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



RSM AUSTRALIA PARTNERS



TUTU PHONG  
Partner

Perth, WA

Dated: 28 February 2020

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RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

RSM Australia Partners  
Level 32, Exchange Tower  
2 The Esplanade Perth WA 6000  
GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100  
F +61 (0) 8 9261 9111

[www.rsm.com.au](http://www.rsm.com.au)

### AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Vonex Limited for the half-year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

A handwritten signature in dark ink, appearing to read 'RSM'.

RSM AUSTRALIA PARTNERS

A handwritten signature in dark ink, appearing to read 'Tutu Phong'.

Perth, WA

Dated: 28 February 2020

TUTU PHONG

Partner

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Vonex Ltd (ASX:VN8)  
ABN 39 063 074 635 /  
ACN: 063 074 635  
Level 8 99 St Georges  
Terrace Perth WA 6000