



ABN: 84 131 090 947

**Interim Financial Report
for the
Half-Year Ended 31 December 2019**

ZYBER HOLDINGS LIMITED

ABN: 84 131 090 947

Interim Financial Report for the Half-Year Ended 31 December 2019

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**ZYBER HOLDINGS LIMITED
AND CONTROLLED ENTITIES
DIRECTORS' REPORT**

Corporate Directory

Directors

Mr John Tomaras - Non-Executive Chairman

(appointed 15 April 2019, resigned 5 May 2020, reappointed 1 June 2020)

Mr Darren Stewart – Non-Executive Director

(appointed 1 June 2020)

Mr Ashley Hood - Non-Executive Director

(appointed 29 November 2019)

Company Secretary

Mr Henry Kinstlinger

**Registered Office, Principal Place of
Business & Postal Address**

Level 5

52 Phillip Street

Sydney NSW 2000

Ph: +61 9251 7177

PO Box 1745

Carindale Queensland 4152

Web Site

www.zyber.com.au

Share Registry

Automatic Registry Services

Level 2, 267 St Georges Terrace

Perth WA 6000

Auditors

Stantons International Perth

Level 2, 1 Walker Avenue

West Perth Western Australia 6005

Ph: +61 9481 3188

Legal Advisors

Tomaras Lawyers

Suite 5, Level 12, 53 Martin Place

Sydney NSW 2000

Securities Exchange Listing

ASX Code: **ZYB**

Frankfurt Stock Exchange

ISIN: AU000000ZYB8 | WKN: A2AE0D

Country of Incorporation and Domicile

Australia

**ZYBER HOLDINGS LIMITED
AND CONTROLLED ENTITIES
DIRECTORS' REPORT**

Your directors submit the financial report of Zyber Holdings Limited (the "Consolidated Entity") and its controlled entities for the half year ended 31 December 2019.

For this report:

Zyber Holdings Limited or Listed Entity or Company means only legal entity of Zyber Holdings Limited, which is listed on the Australian Securities Exchange (ASX: ZYB). Zyber Holdings Limited is the legal parent of Zyber Secure Mobile Solutions Inc.

Consolidated Entity for the period ended 31 December 2018 and 31 December 2019 and the year ended 30 June 2019 means Zyber Holdings Limited and its subsidiaries combined.

INFORMATION ON DIRECTORS

The names of directors who held office during or since the end of period and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Mr John Tomaras	- Non-Executive Chairman (appointed 15 April 2019 as Non-Executive director, resigned 5 May 2020, reappointed 1 June 2020)
Mr Darren Stewart	- Non-Executive Director (appointed 1 June 2020)
Mr Ashley Hood	- Non-Executive Director (appointed 29 November 2019)
Mr Paul Garner	- Non-Executive Chairman (appointed 5 May 2020, resigned 1 June 2020)
Mr Jack Toby	- Non-Executive Director (appointed 5 May 2020, resigned 1 June 2020)
Mr George Hatzipapas	- Executive Chairman (resigned 5 May 2020)
Mr Ted Tzovaras	- Non-Executive Director (appointed 14 August 2019, resigned 29 November 2019)
Mr Richard Hoffman	- Non-Executive Director (appointed 12 March 2019, resigned 8 August 2019)

PRINCIPAL ACTIVITIES

The principal activities of the Company during the interim financial period were the development of computer hardware, software and services of secure file synchronization and sharing solutions in Australia.

REVIEW OF OPERATIONS

During the last half year, Zyber made steps towards developing its business. External consultation regarding the proposed proof of concept and its potential effectiveness in a business environment was conducted during the period, with a focus on building the application on the Ethereum network. Ethereum is currently limited in its ability to scale and investigations determined that it was only able to process 15 transactions per second creating a significant bottleneck.

Research continued to be conducted to build a block chain solution that leverages existing networks that can scale. The effective solution must provide scalability and not compromise security.

Keen assessment was made on the Vitalik Buterin's 4 blog posts during Devcon. The 4 blog posts detailed the Ethereum 2.0 which would transition from a Proof of Work (**POW**) blockchain to a Proof of Stake (**POS**) blockchain.

POS allows for far greater scalability and requires much less energy resources. This has significant effect on the block chain solution previously conceived. Ethereum 2.0 although has answered scalability questions yet has certain intricacies in the way developers manage applications and recalling data on the Ethereum blockchain; extremely important for the proposed Zyber application.

**ZYBER HOLDINGS LIMITED
AND CONTROLLED ENTITIES
DIRECTORS' REPORT**

Zyber has also researched InterPlanetary File System (**IPFS**) and its potential viability to be transitioned into a commercial product. IPFS is a peer to peer hypermedia protocol designed to mitigate cyber theft of data. Zyber needs to understand the potential to harness the technology but also to design functionality for a working commercial product.

CORPORATE

At the end of the period the consolidated entity had \$57,017 in cash and the following securities on issue:

- 654,669,086 fully paid ordinary shares; and
- 80,819,067 exchangeable shares exercisable on or before 16 February 2021.

During the period, the following options were exercised:

- 218,831 listed options exercisable at \$0.012 were exercised on or before 31 October 2019, raising gross proceeds of \$2,626.

During the period, the following options expired:

- 260,703,612 listed options exercisable at \$0.012 on or before 31 October 2019; and
- 29,920,000 unlisted options exercisable at \$0.05 on or before 31 December 2019.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

During the half year the following significant changes in the state of affairs of the consolidated entity occurred:

- On 8 August 2019, Mr Richard Hoffman resigned as Non-Executive Director.
- On 14 August 2019, Mr Ted Tzovaras was appointed Non-Executive Director, and resigned on 29 November 2019.
- On 29 November 2019, Mr Ashley Hood was appointed Non-Executive Director.

LEGAL PROCEEDINGS

On 23 March 2020, Zyber advised that judgement was awarded in favour of the Company in the matter "Zyber Holdings Limited v Bakos, in the matter of Zyber Holdings Limited [2020] FCA 387". The defendant paid the plaintiff's costs of the application to set aside the statutory demand. The Company is considering action against the defendant for damaged suffered by the Company.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The following significant events occurred after the reporting period:

- A decision by the Board was undertaken in 2020, and backdated to 31 December 2019, to fully provide for the non recoverability of the related party loan receivable owed to the Company by Mr Hatzipapas.

Background

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

The loan was originally repayable no later than 31 December 2019 and accrued interest of 3% fixed for the term of the loan. An amount of \$14,963 has been included in the interest revenue for the current period in relation to this loan receivable (year ended 30 June 2019: \$1,537).

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 for the amount of \$58,694. The Board of Directors also resolved that the related party loan be reduced further by an amount of \$37,500 representing the accrued remuneration fees from 1 October 2019 to 31 December 2019. The remaining amount receivable of \$136,970 was impaired as at 31 December 2019 (30 June 2019: \$551,537).

On 3 January 2020, the Board of Directors resolved that the repayment date of the loan would be extended to 30 June 2020. Interest is charged at a fixed fee of 3% on the balance amount as at 31 December 2019, an amount of \$5,234 applies for the period 1 January 2020 to 30 June 2020. The board has agreed to forgive this interest owed to the Company.

**ZYBER HOLDINGS LIMITED
AND CONTROLLED ENTITIES
DIRECTORS' REPORT**

For the period 1 January 2020 to 5 May 2020 Mr Hatzipapas provided \$52,055 of services in his role as Executive Chairman and key management of the Company. This amount has not been recorded and will not be paid to Mr Hatzipapas.

- During January 2020, the Company loaned Mr Hatzipapas a further \$30,000. This amount will be considered a redraw on the existing loan to Mr Hatzipapas. This amount has been impaired post half year end.
- On 23 March 2020, Zyber advised that judgement was awarded in favour of the Company in the matter "Zyber Holdings Limited v Bakos, in the matter of Zyber Holdings Limited [2020] FCA 387". The defendant paid the plaintiff's costs of the application to set aside the statutory demand. The Company is considering action against the defendant for damages suffered by the Company. On 10 September 2019, a claim by way of a creditor's statutory demand was made against the Company by Mrs Terri-Anne Bakos in the amount of \$10,051 in respect of company secretary services allegedly provided to the Company. The Company denied liability, and successfully argued to set aside the creditor's statutory demand.
- On 5 May 2020 Mr Paul Garner was appointed Executive Chairman, and Mr Jack Toby was appointed Non-Executive Director. On the same day, Mr George Hatzipapas resigned as Executive Chairman, and Mr John Tomaras resigned as Non-Executive Director. On the 1 June 2020, both Mr Toby and Mr Garner resigned from the board of directors, and Mr Tomaras was reappointed as a Non-Executive Chairman. On the same date, Mr Darren Stewart was appointed as Non-Executive Director.

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, Stantons International, to provide the Directors of the consolidated entity with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out in this report and forms part of this Directors' Report for the period ended 31 December 2019.

This report is signed in accordance with a resolution of the Board of Directors, made pursuant to s306(3) of the Corporations Act 2001.



Mr John Tomaras

Non-Executive Chairman

Dated: 18 August 2020

18 August 2020

Board of Directors
Zyber Holdings Limited
Level 5, 52 Philip Street
Sydney NSW 2000

Dear Directors

RE: ZYBER HOLDINGS LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Zyber Holdings Limited.

As Audit Director for the review of the financial statements of Zyber Holdings Limited for the six months 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.

Yours faithfully

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD



Martin Michalik
Director

**ZYBER HOLDINGS LIMITED
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

Consolidated Entity			
	Note	31 December 2019 \$	31 December 2018 \$
Revenue		14,966	1,913
Employee and management benefits expense		(119,654)	(18,333)
Professional fees		(63,708)	(10,177)
Finance costs		-	(1,040)
Other expenses		(109,195)	(205,042)
Non recovery of a related party loan receivable	5	(136,970)	-
Loss before income tax		(414,561)	(232,679)
Income tax expense		-	-
Loss after income tax		(414,561)	(232,679)
Other comprehensive income		-	-
Total comprehensive loss for the period		(414,561)	(232,679)
 Loss per share			
Basic loss per share (cents)	2	(0.06)	(0.04)
Diluted loss per share (cents)	2	(0.06)	(0.04)

The accompanying notes form part of these financial statements.

**ZYBER HOLDINGS LIMITED
AND CONTROLLED ENTITIES**
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

Consolidated Entity			
	Note	As at 31 December	As at 30 June
		2019	2019
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	12	57,017	32,790
Trade and other receivables		14,093	51,672
Related party loan receivable	5	-	551,537
Other assets		2,969	9,158
TOTAL CURRENT ASSETS		74,079	645,157
NON-CURRENT ASSETS			
Intangible assets	9	-	-
TOTAL NON-CURRENT ASSETS		-	-
TOTAL ASSETS		74,079	645,157
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		292,710	503,255
TOTAL CURRENT LIABILITIES		292,710	503,255
TOTAL LIABILITIES		292,710	503,255
NET ASSET DEFICIENCY/ NET ASSETS		(218,631)	141,902
EQUITY			
Issued capital	3	7,996,738	7,942,444
Reserves	4	3,958,445	3,958,711
Accumulated losses		(12,173,814)	(11,759,253)
TOTAL EQUITY		(218,631)	141,902

The accompanying note form part of these financial statements.

**ZYBER HOLDINGS LIMITED
AND CONTROLLED ENTITIES**
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

Consolidated Entity	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total \$
Balance at 1 July 2018	7,942,444	3,962,329	(10,916,214)	988,559
Loss for the period	-	-	(232,679)	(232,679)
Total comprehensive loss for the period	-	-	(232,679)	(232,679)
Transactions with owners, in their capacity as owners, and other transfers				
Foreign currency translation	-	87	-	87
Total transactions with owners and other transfers	-	87	-	87
Balance at 31 December 2018	7,942,444	3,962,416	(11,148,893)	755,967
Balance at 1 July 2019	7,942,444	3,958,711	(11,759,253)	141,902
Loss for the period	-	-	(414,561)	(414,561)
Total comprehensive loss for the period	-	-	(414,561)	(414,561)
Transactions with owners, in their capacity as owners, and other transfers				
Shares issued during the period to Directors and Officers in lieu of cash for services performed	51,668	-	-	51,668
Exercise of options	2,626	-	-	2,626
Foreign currency translation	-	(266)	-	(266)
Balance at 31 December 2019	7,996,738	3,958,445	(12,173,814)	(218,631)

The accompanying notes form part of these financial statements.

**ZYBER HOLDINGS LIMITED
AND CONTROLLED ENTITIES**
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

Consolidated Entity			
	Note	31 December 2019 \$	31 December 2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		3	1,913
Payments to suppliers and employees		(78,402)	(127,272)
Net cash (used in) operating activities		<u>(78,399)</u>	<u>(125,359)</u>
Related party loan – repayments received		100,000	-
Net cash provided by investing activities		<u>100,000</u>	<u>-</u>
Proceeds from exercise of options	3(a)	2,626	-
Net cash provided by financing activities		<u>2,626</u>	<u>-</u>
Net increase / (decrease) in cash held		24,227	(125,359)
Cash and cash equivalents at beginning of financial period		32,790	1,001,728
Cash and cash equivalents at end of financial period	12	<u>57,017</u>	<u>876,369</u>

The accompanying notes form part of these financial statements.

**ZYBER HOLDINGS LIMITED
AND CONTROLLED ENTITIES**
CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

(a) 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 Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The interim financial statements were approved and authorized for issue by the Board on 5 July 2020.

Accounting Policies

The principal accounting policies adopted are consistent with those of the previous financial year ended 30 June 2019 and corresponding interim reporting period, unless otherwise stated.

The consolidated entity has considered the first adoption of AASB 16: Leases on the consolidated entity's financial statements. However, the consolidated entity did not have any operating leases which are more than 12 months as at 1 July 2019. Therefore, the consolidated entity has not made any amendments to the accounts as the first adoption of AASB 16 does not have a significant impact on the interim financial statements.

Going Concern

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

As disclosed in the financial statements, the consolidated entity incurred a net loss for the period of \$414,561 (2018: \$232,679) and a net cash inflow of \$24,227 (2018: outflow of \$125,359). As at 31 December 2019, the Company and its subsidiaries has a net asset deficiency of \$218,631. The Directors have prepared a cash flow forecast, which indicates that the ability of the consolidated entity to continue as a going concern is primarily dependent on securing additional funding through capital raisings and/or repayment of borrowings.

These factors indicate a material uncertainty which may cast significant doubt as to whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors believe that there are reasonable grounds to believe that the consolidated entity will be able to continue as a going concern, after consideration of the following factors:

1. The Directors are actively pursuing a program to meet the compliance obligations of ASX for relisting and plan to raise further funds through capital raisings as and when required and expects the support from its major shareholders;
2. The Directors are confident that certain creditor's will be satisfied with a settlement by way of shares in the Company; and
3. The consolidated entity has the ability to curtail its activities in order to conserve cash.
4. Short term support from the major shareholders in the form of a loan. Discussions are ongoing and not yet finalised as at the date of this report.

Accordingly, the Directors believe that the consolidated entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the consolidated entity does not continue as a going concern.

**ZYBER HOLDINGS LIMITED
AND CONTROLLED ENTITIES**
CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

(b) New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year. The adoption of these amendments has had no impact on the disclosures, or the amounts recognised in the Group's condensed consolidated financial statements.

(c) Significant accounting judgements and key estimates

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reports amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this half-year report, the significant judgements made by management in applying the consolidated entity's accounting policies and key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2019.

(d) Accounting Policy for Intangibles

Intangible assets acquired, either individually or with a group of assets, are initially recognised and measured at cost. Intangible assets with finite lives are amortised over their estimated useful lives using the straight-line method at the following rates:

Intellectual property	7 years
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At the end of each reporting period, the consolidated entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss, or any reversal of a previously-recognized impairment loss, is recognised immediately in profit or loss.

NOTE 2 LOSS PER SHARE

	Consolidated Entity	
	31 December 2019 \$	31 December 2018 \$
(a) Loss for the period	(414,561)	(232,679)
Loss used to calculate basic loss per share	(414,561)	(232,679)
Loss used in the calculation of dilutive loss per share	(414,561)	(232,679)
	Number	Number
(b) Weighted average number of ordinary shares outstanding during the period used in calculating basic loss per share	651,478,007	650,759,725
Weighted average number of ordinary shares outstanding during the period used in calculating dilutive loss per share	651,478,007	650,759,725

**ZYBER HOLDINGS LIMITED
AND CONTROLLED ENTITIES**
CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 3 ISSUED CAPITAL

Consolidated Entity

	31 December	30 June
	2019	2019
	\$	\$
Ordinary shares issued and fully paid (a)	7,942,444	7,942,444
Exercise of options	2,626	-
Value of shares issued in lieu of cash remuneration	51,668	-
Total issued capital	<u>7,996,738</u>	<u>7,942,444</u>

	Number	\$
(a) Ordinary Shares		
At 1 July 2018	650,759,725	7,942,444
At the end of the reporting period – 31 December 2018	<u>650,759,725</u>	<u>7,942,444</u>
At 1 July 2019	650,759,725	7,942,444
Shares issued during the period		
Exercise of options	218,831	2,626
Shares issued in lieu of cash remuneration ¹	3,690,530	51,668
At the end of the reporting period – 31 December 2019	<u>654,669,086</u>	<u>7,996,738</u>

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At the shareholder 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.

¹ Shares issued during the period were to Directors and Officers in lieu of cash for services rendered.

(b) Capital Management

Management effectively manages the consolidated entity's capital by assessing the consolidated entity'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 strategy adopted by management to control the capital of the consolidated entity since the financial period ended 31 December 2019.

**ZYBER HOLDINGS LIMITED
AND CONTROLLED ENTITIES**
CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 4 RESERVES

	Consolidated	
	31 December	30 June
	2019	2019
	\$	\$
Exchangeable Shares Reserve (a)	3,384,213	3,384,213
Options Reserve (b)	382,055	382,055
Foreign Currency Reserve (c)	192,177	192,443
	<u>3,958,445</u>	<u>3,958,711</u>

	Consolidated			
	31 December 2019		30 June 2019	
(a) Exchangeable Shares Reserve	Number	\$	Number	\$
Balance at beginning of period	80,819,067	3,384,213	85,318,203	3,572,609
Shares exchanged for Zyber Holdings Limited shares	-	-	(4,499,136)	(188,396)
At the end of the reporting period	<u>80,819,067</u>	<u>3,384,213</u>	<u>80,819,067</u>	<u>3,384,213</u>

Exchangeable shares are non-voting, convertible, redeemable, preferred shares in the capital of 1050494 B.C. Ltd. Each exchangeable share is exchangeable for one ordinary share in Zyber Holdings Limited at the election of the holder before 16 February 2021. Exchangeable shares are subject to an escrow period of at least 12 months and no more than 24 months since the date of the acquisition of Zyber Secure Mobile Solutions Inc.

**ZYBER HOLDINGS LIMITED
AND CONTROLLED ENTITIES**
CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

(b) Options Reserve	Number	\$
Options outstanding as at 1 July 2018	291,042,443	382,055
Expiry of unlisted options @ \$2.50 expiring on 30/11/2018	(200,000)	-
Options outstanding as at 30 June 2019	<u>290,842,443</u>	<u>382,055</u>
 Options outstanding as at 1 July 2019	 290,842,443	 382,055
Exercise of 218,831 listed options exercisable at \$0.012 on or before 31 October 2019	(218,831)	-
Expiry of listed options exercisable at \$0.012 on or before 31 October 2019	(260,703,612)	-
Expiry of unlisted options exercisable at \$0.05 expiring on 31 December 2019	(29,920,000)	-
Options outstanding as at 31 December 2019	<u>-</u>	<u>382,055</u>
 (c) Foreign Currency Reserve		
	Consolidated	
	31 December	30 June
	2019	2019
	\$	\$
Foreign currency translation reserve	192,443	196,061
Movement in reserve	(266)	(3,618)
	<u>192,177</u>	<u>192,443</u>

**ZYBER HOLDINGS LIMITED
AND CONTROLLED ENTITIES**
CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 5 RELATED PARTY LOAN RECEIVABLE

	Consolidated	
	31 December	30 June
	2019	2019
	\$	\$
Balance at beginning of the period	551,537	-
Related party loan provided	-	550,000
Interest accrued	14,963	1,537
Repayment of loan received	(100,000)	
Offset by remuneration owed to the related party	(270,836)	
Offset by travel reimbursements owed to the related party	(58,694)	
Non recovery of a related party loan receivable	(136,970)	-
Balance at end of the period	-	551,537

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

The loan was originally repayable no later than 31 December 2019 and accrued interest of 3% fixed for the term of the loan. An amount of \$14,963 has been included in the interest revenue for the current period in relation to this loan receivable (year ended 30 June 2019: \$1,537).

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 for the amount of \$58,694. The Board of Directors also resolved that the related party loan be reduced further by an amount of \$37,500 representing the accrued remuneration fees from 1 October 2019 to 31 December 2019.

The Company has fully provided for the non-recoverability of this loan as at 31 December 2019, with a provision for doubtful debts recognised within the Consolidated Statement of Financial Position for \$136,970. This amount is recognised within Non recovery of a related party loan receivable within the Consolidated Statement of Profit and Loss and Other Comprehensive Income.

On 3 January 2020, the Board of Directors resolved that the repayment date of the loan would be extended to 30 June 2020. Interest is charged at a fixed fee of 3% on the balance amount as at 31 December 2019, an amount of \$5,234. The board has agreed to forgive this interest owed to the Company.

For the period 1 January 2020 to 5 May 2020 Mr Hatzipapas provided \$52,055 of services in his role as Director and key management of the Company. This amount has not been recorded and will not be paid to Mr Hatzipapas.

During January 2020, the Company loaned Mr Hatzipapas a further \$30,000. This amount will be considered a redraw on the existing loan to Mr Hatzipapas, referred to above. This amount has been impaired post half year end.

**ZYBER HOLDINGS LIMITED
AND CONTROLLED ENTITIES**
CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 6 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent assets

There are no contingent assets at reporting date (30 June 2019: Nil).

Contingent liabilities

There are no contingent liabilities attributable to Zyber Holding Limited notwithstanding actions against its subsidiaries at the reporting date (31 December 2019) and none to the date of this report.

NOTE 7 OPERATING SEGMENTS

Segment Information

Identification of reportable segments

The directors have considered the requirements of AASB 8-Operating Segments and the internal reports that are reviewed by the chief operating decision maker (the Board) in allocating resources and have concluded that at this time there are no separately identifiable segments.

Following adoption of AASB 8, the identification of the company's reportable segments has not changed.

During the period, the company considers that it has only operated in one segment, being the development and sale of computer hardware, software and services of secure file synchronisation and sharing solution in Australia.

The consolidated entity is domiciled in Australia.

**ZYBER HOLDINGS LIMITED
AND CONTROLLED ENTITIES**
CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 8 EVENTS AFTER THE REPORTING PERIOD

The following significant events occurred after the reporting period:

- A decision by the Board was undertaken in 2020, and backdated to 31 December 2019, to fully provide for the non-recoverability of the related party loan receivable owed to the Company by Mr Hatzipapas.

Background

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

The loan was originally repayable no later than 31 December 2019 and accrued interest of 3% fixed for the term of the loan. An amount of \$14,963 has been included in the interest revenue for the current period in relation to this loan receivable (year ended 30 June 2019: \$1,537).

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 for the amount of \$58,694. The Board of Directors also resolved that the related party loan be reduced further by an amount of \$37,500 representing the accrued remuneration fees from 1 October 2019 to 31 December 2019. The remaining amount receivable of \$136,970 was impaired as at 31 December 2019 (30 June 2019: \$551,537).

On 3 January 2020, the Board of Directors resolved that the repayment date of the loan would be extended to 30 June 2020. Interest is charged at a fixed fee of 3% on the balance amount as at 31 December 2019, an amount of \$5,234 applies for the period 1 January 2020 to 30 June 2020. The board has agreed to forgive this interest owed to the Company.

For the period 1 January 2020 to 5 May 2020 Mr Hatzipapas provided \$52,055 of services in his role as Executive Chairman and key management of the Company. This amount has not been recorded and will not be paid to Mr Hatzipapas.

- During January 2020, the Company loaned Mr Hatzipapas a further \$30,000. This amount will be considered a redraw on the existing loan to Mr Hatzipapas. This amount has been impaired post half year end.
- On 23 March 2020, Zyber advised that judgement was awarded in favour of the Company in the matter "Zyber Holdings Limited v Bakos, in the matter of Zyber Holdings Limited [2020] FCA 387". On 10 September 2019, a claim by way of a creditor's statutory demand was made against the Company by Mrs Terri-Anne Bakos in the amount of \$10,051 in respect of company secretary services allegedly provided to the Company. The Company denied liability, and successfully argued to set aside the creditor's statutory demand.
- On 5 May 2020 Mr Paul Garner was appointed Executive Chairman, and Mr Jack Toby was appointed Non-Executive Director. On the same day, Mr George Hatzipapas resigned as Executive Chairman, and Mr John Tomaras resigned as Non-Executive Director. On the 1 June 2020, both Mr Toby and Mr Garner resigned from the board of directors, and Mr Tomaras was reappointed as a Non-Executive Chairman. On the same date, Mr Darren Stewart was appointed as Non-Executive Director.

Other than the above, no matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial periods.

NOTE 9 INTANGIBLE ASSETS

	Consolidated Entity	
	31 December 2019	31 December 2018
	\$	\$
License Agreement		
Cost	10,382	10,382
Amortisation	(10,382)	(10,382)
	-	-

**ZYBER HOLDINGS LIMITED
AND CONTROLLED ENTITIES**
CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 10 COMMITMENTS

There are no capital or other commitments at the reporting date (2018: Nil).

NOTE 11 COTROLLED ENTITIES

All controlled entities are included in the consolidated financial statements.

	Country of Incorporation	Percentage Owned (%)	
		31 December 2019	30 June 2019
Parent entity			
Zyber Holdings Limited	Australia		
Name of controlled entity			
Zyber Secure Mobile Solutions Inc	Canada	100	100
1050494 B.C. Ltd	Canada	100	100

NOTE 12 CASH AND CASH EQUIVALENTS

For the purposes of the half year Consolidated Statement of Cashflow, cash and cash equivalents comprise of the following:

	Consolidated Entity	
	31 December 2019 \$	30 June 2019 \$
Cash at bank	57,017	32,790
	57,017	32,790

Cash at bank earns interest at floating rates based on daily bank deposit rates.

**ZYBER HOLDINGS LIMITED
AND CONTROLLED ENTITIES
DIRECTORS' DECLARATION**

In the opinion of the Directors of Zyber Holdings Limited ('the consolidated entity'):

1. The financial statements and notes thereto of the consolidated entity, as set out within this financial report, are in accordance with the *Corporations Act 2001* including:
 - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (b) 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 then ended.
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.

This 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



John Tomaras

Non-Executive Chairman

Dated this 18 day of August 2020

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Zyber Holdings Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2019, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity, and the condensed consolidated statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Zyber Holdings Limited (the Group). The Group comprises both Zyber Holdings Limited (the Company) and the entities it controlled during the half year.

Directors' Responsibility for the Half-Year Financial Report

The directors of Zyber Holdings Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) 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 Group'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 Zyber Holdings 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.

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by the directors or management.

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*, has been provided to the directors of Zyber Holdings Limited on 18 August 2020.

Basis for Qualified Conclusion

Comparative Balances

The independent auditor's report on the consolidated financial statements of the Group and the balance sheet of the Company for the financial year ended 30 June 2019 was modified on the basis that the auditor was unable to obtain sufficient appropriate evidence on the valuation of the loan receivable balance from a related party loan of \$551,537, as the directors of the Company were unable to provide an assessment on the recoverability of the amount as at 30 June 2019.

We have further noted that the Company has a subsidiary domiciled in Canada, Zyber Secure Mobile Solutions Inc., which had net liabilities of \$59,578 included in the consolidated financial statements as at 30 June 2019. No information was available to support the completeness and accuracy of the assets and liabilities held by Zyber Secure Mobile Solutions Inc.

Furthermore, no information was provided in relation to another Canadian domiciled subsidiary, 1050494 B.C. Limited as at 30 June 2019.

Consequently, we are unable to determine whether any adjustments to the comparative statement of financial position were necessary for the year ended 30 June 2019 in relation to the above mentioned two Canadian subsidiaries.

Completeness and accuracy of the Subsidiary Balances as at, and for the half-year ended, 31 December 2019.

Management was not able to provide sufficient information and adequate documentary evidence to support the carrying value of assets and liabilities of the Canadian subsidiaries, Zyber Secure Mobile Solutions Inc. and 1050494 B.C. Limited.

The consolidated statement of financial position as at 31 December 2019 includes net liabilities of \$59,841 with respect Zyber Secure Mobile Solutions Inc. We were unable to satisfy ourselves, by alternative means, whether the net asset deficiency relating to Zyber Secure Mobile Solutions Inc, amounting to \$59,841, is fairly stated at 31 December 2019.

Furthermore, we have not been furnished with any information in relation to the subsidiary, 1050494 B.C. Limited as at 31 December 2019.

Consequently, we were unable to determine whether any adjustment may be required to the consolidated statement of profit or loss and other comprehensive income for the period and to the financial position as at 31 December 2019.

Qualified Review Conclusion

Based on our review, which is not an audit, except for the possible effects of the matters described in the Basis for Qualified Conclusion section, the half-year financial report of Zyber Holdings Limited is in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group'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*.

Emphasis of Matter

Material Uncertainty Regarding Going Concern

We draw attention to note 1(a) of the half year financial report, which describes the going concern basis of preparation of the financial report. At 31 December 2019 the Group had net assets deficiency of \$218,631, cash and cash equivalents of \$57,017 and net working capital deficiency of \$218,631. The Group had incurred a loss for the period ended 31 December 2019 of \$414,561 and had net cash outflows from operating activities of \$78,399.

The ability of the Group to continue as a going concern and meet its planned development, administration, and other commitments is dependent upon the consolidated being able to generate sufficient cashflows from operations or obtaining funding from issue of additional equity or borrowings. In the event, that the Group is not able to generate sufficient cashflows from operations or obtaining funding from issue of additional equity or

borrowings, the Group may not be able to meet its liabilities as they fall due or realise its assets in the normal course of business.

Our conclusion is not modified in respect of this matter.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International Audit & Consulting Pty Ltd



Martin Michalik
Director

West Perth, Western Australia
18 August 2020