Rule 4.3A

Appendix 4E **Preliminary Final Report**

Name of entity
ZIPTEL LIMITED

ABN or equivalent company reference:	41 108 042 593

1. Reporting period

Preliminary report for the financial year ended	30 June 2020
Previous corresponding period is the financial year ended	30 June 2019

2. Results for announcement to the market

				$'000
Revenues from ordinary activities *(item 2.1)*	up	785%	to	65
Profit (Loss) from ordinary activities after tax attributable to members (*item 2.2*)	down	184%	to	(960)
Net Profit (Loss) for the period attributable to members *(item 2.3)*	down	184%	to	(960)

Dividends *(item 2.4)*	**Amount per security**	**Franked amount per security**
Interim dividend Final dividend	Nil Nil	Nil Nil
Record date for determining entitlements to the dividend *(item 2.5)*	Not Applicable	
Brief explanation of any of the figures reported above necessary to enable the figures to be understood *(item 2.6)*: Refer to item 12.		

3. Statement of profit or loss and other comprehensive income

Refer to attached Annual Report for the year ended 30 June 2020.

4. Statement of financial position

Refer to attached Annual Report for the year ended 30 June 2020.

5. Statement of cash flows

Refer to attached Annual Report for the year ended 30 June 2020.

6. Statement of changes in equity

Refer to attached Annual Report for the year ended 30 June 2020.

7. Dividends

	Date of payment	Total amount of dividend
Interim dividend – year ended 30 June 2020	N/A	N/A
Final dividend – year ended 30 June 2020	N/A	N/A

Amount per security

		Amount per security	Franked amount per security at % tax	Amount per security of foreign sourced dividend
Total dividend:	Current year	N/A	N/A	N/A
	Previous year	N/A	N/A	N/A

Total dividend on all securities

	Current period $A'000	Previous corresponding Period - $A'000
Ordinary securities (*each class separately)*	N/A	N/A
Preference securities (*each class separately)*	N/A	N/A
Other equity instruments *(each class separately)*	N/A	N/A
Total	N/A	N/A

8. Details of dividend or distribution reinvestment plans in operation are described below:

N/A	
The last date(s) for receipt of election notices for participation in the dividend or distribution reinvestment plan	N/A

9. Net tangible assets per security

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	$0.003	$0.008

10. Details of entities over which control has been gained or lost during the period:

Control gained over entities

Name of entities *(item 10.1)*	N/A
Date(s) of gain of control *(item 10.2)*	N/A
Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period *(item 10.3)*	N/A

Loss of control of entities

Name of entities *(item 10.4)*	N/A
Date(s) of loss of control *(item 10.5)*	N/A
Contribution to consolidated profit (loss) from ordinary activities after tax by the controlled entities to the date(s) in the current period when control was lost *(item 10.6).*	N/A
Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period *(item 10.7)*	N/A

11. Details of associates and joint venture entities

Name of associate or joint venture entity *(item 11.1)*	**% Securities held** *(item 11.2)*
N/A	N/A

Aggregate share of profits (losses) of associates and joint venture entities *(item 11.3)*

Group's share of associates' and joint venture entities':	**2020 $**	**2019 $**
Profit (loss) from ordinary activities before tax	N/A	N/A
Income tax on ordinary activities		
Net profit (loss) from ordinary activities after tax	N/A	N/A
Adjustments		
Share of net profit (loss) of associates and JV entities	N/A	N/A

12. Significant information relating to the entity's financial performance and financial position.

Overview

During the year, the Company's focus has been developing opportunities for its platforms, putting plans in place to extend its software development capabilities and reviewing other opportunities.

On 20 March 2020, the Company announced that it had entered into a binding, conditional agreement to acquire 100% of the issued capital of Douugh Limited (Douugh or DOU) (Transaction). Douugh is a purposed based fintech company, taking a proprietary artificial intelligence (AI) first approach to disrupting the business model of banking, helping customers live financially healthier.

The Transaction will result in a change in nature and scale of the Company's activities from a telecommunications software company to a financial software and services business. It will require the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules including ASX agreeing to and approving the re-admission of the Company to the Official List of ASX.

The Transaction also incorporates a public offer of up to 200,000,000 Shares at an issue price of $0.03 per Share (the Public Offer), to raise up to $6,000,000 before costs. The Company has filed a Prospectus in this regard.

Completion of the Transaction is subject to acceptance of the ASX and successful completion of the Public Offer.

Revenue

In FY2020, total revenue was up by 785% to $65,000 (FY2019: $7,341). The current year income related to the Company's software development activities which effectively commenced in the current year.

Explanation of Loss

The Company recorded a loss after tax of $959,751 (FY2019 loss after tax of $338,415) from total expenses of $1,049,290. Significant expenses were consulting expenses ($866k) and general administration costs ($135k) including ASX and share registry fees. Expenses were largely consistent with the previous period apart from extra consulting fees incurred. Throughout the period, the Company maintained a disciplined approach to costs targeting a minimal monthly cash burn.

Cash Position

Cash at the end of the year was $831,736.

Outlook

ZipTel will look to complete the Douugh acquisition in the coming days and pursue the goals of this exciting new fintech business.

13. The financial information provided in the Appendix 4E is based on the Annual Report for the year ended 30 June 2020 (attached), which has been prepared in accordance with Australian accounting standards.

14. Commentary on the results for the period.

Refer to explanation item 12.

15. Information on Audit.

This Appendix 4E is based on the audited Annual Report for the year ended 30 June 2020.

ZipTel.

ACN 108 042 593

ANNUAL REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

TABLE OF CONTENTS

CORPORATE INFORMATION

ZIPTEL LIMITED

Trading on the Australian Securities Exchange with the code ASX:ZIP
ABN 41 108 042 593
www.ziptel.com.au

DIRECTORS

Mr Josh Hunt (Independent Non-Executive Chairman)
Mr Umberto (Bert) Mondello (Non-Executive Director)
Mr Salvatore Vallelonga (Independent Non-Executive Director)

COMPANY SECRETARY

Mr Derek Hall

PRINCIPAL PLACE OF BUSINESS

Suite 3, 138 Main Street
Osborne Park, Western Australia 6017
T + 61 (0) 8 6380 2555

REGISTERED OFFICE

Suite 3, 138 Main Street
Osborne Park, Western Australia 6017

SOLICITORS

HopgoodGanim Lawyers
Level 27, Allendale Square, 77 St Georges Tce,
Perth, Western Australia 6005

SHARE REGISTER

Security Transfer Registrars
770 Canning Highway,
Nedlands, Western Australia 6153
T +61 (0) 8 9315 2333

AUDITOR

Criterion Audit Pty Ltd
1/437 Roberts Rd
Subiaco, Western Australia 6008

1. OUR APPROACH TO CORPORATE GOVERNANCE

(A) FRAMEWORK AND APPROACH TO CORPORATE GOVERNANCE AND RESPONSIBILITY

The Board of ZipTel Limited ("the Company") is committed to maintaining the highest standards of corporate governance.

Corporate governance is about having a set of values that underpin the company's everyday activities - values that ensure fair dealing, transparency of actions, and protect the interests of stakeholders. The Board considers corporate governance forms part of a broader framework of corporate responsibility and regulatory oversight.

In pursuing its commitment to best practice governance standards, the Board will continue to:

- review and improve its governance practices; and
- monitor global developments in best practice corporate governance.

The Board is guided by the principles and practices that are in our stakeholders' best interests while ensuring full compliance with legal requirements.

(B) COMPLIANCE WITH THE ASX CORPORATE GOVERNANCE PRINCIPLES AND RECOMMENDATIONS

The ASX Listing Rules require listed companies to include in their Annual Report a statement disclosing the extent to which they have followed the ASX Corporate Governance Principles and Recommendations in the reporting period.

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

The Appendix 4G will identify each recommendation that needs to be reported against by the Company and will provide shareholders with information as to where relevant disclosures can be found.

The Company's corporate governance policies and charters are available at the Company's website www.ziptel.com.au.

Listed companies must identify the recommendations that have not been followed and provide reasons for the company's decision. This Governance Statement describes ZipTel Limited's governance practices and notes where they do not comply with the ASX Corporate Governance Principles and Recommendations.

2. DATE OF THIS STATEMENT

This statement reflects our corporate governance policies and procedures as at 31 August 2020.

CHAIRMAN'S REPORT

DEAR FELLOW SHAREHOLDERS,

On 20 March 2020, the Company announced that it had entered into a binding, conditional agreement to acquire 100% of the issued capital of Douugh Limited (Douugh or DOU) (Transaction). Douugh is a purposed based fintech company, taking a proprietary artificial intelligence (AI) first approach to disrupting the business model of banking, helping customers live financially healthier.

The Transaction will result in a change in nature and scale of the Company's activities from a telecommunications software company to a financial software and services business. It will require the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules including ASX agreeing to and approving the re-admission of the Company to the Official List of ASX.

The Transaction also incorporates a public offer of up to 200,000,000 Shares at an issue price of $0.03 per Share (the Public Offer), to raise up to $6,000,000 before costs. The Company has filed a Prospectus in this regard.

The Prospectus contains important information about the Company, Douugh and the Public Offer. It also contains important information about the potential risks of investing in the Company which are contained in Section 6 of the Prospectus. I encourage you to read the Prospectus thoroughly and carefully before making an investment decision.

Another key step in the process was gaining the approval of Shareholders for the Transaction. This was achieved on 17 August 2020.

During the year, up until the announcement of the Transaction, the Company continued to build on its software development offering. Going forward, with successful completion of the Transaction, the focus of the Company will be pursing the objectives of the Douugh business.

We look forward to completion of the Transaction and the Public Offer and look forward to the progress of the exciting new Douugh business.

Yours Faithfully

Josh Hunt
Chairman

31 August 2020

The Directors of ZipTel Limited (the "Company") submit herewith the annual report of the Company and its controlled entities (the "Group") for the financial year ended 30 June 2020. In order to comply with the provisions of the Corporations Act 2001, the Directors' Report as follows:

DIRECTORS AND SENIOR MANAGEMENT

The Company Directors held office during the whole of the financial year and since the end of the financial year. The names and particulars of Directors and senior management of the Company at the end of the 2020 financial year are:

JOSH HUNT
Non-Executive Chairman

Mr Josh Hunt has extensive experience in all aspects of mining and energy project acquisitions and disposals including drafting and negotiation of acquisition documents, conducting due diligence into resources assets and general mining legislation compliance throughout Australia. He also advises clients in connection with joint ventures, farm-in agreements, operating agreements and royalty agreements.

Josh has further advised on numerous IPOs and fundraisings and has a wide range of experience in many different types of acquisitions by both public and private companies.

In addition, Josh provides stock exchange and listing rule compliance advice, capital markets, corporate and strategic advice, general securities and commercial law advice.

Josh's experience extends internationally, where he has acted for a number of companies with operations in Africa, South East Asia, Mongolia, the United States, Canada, the United Kingdom and throughout South America.

Special responsibilities: Chairman of the Board, Member of the Nomination Committee

Other current directorships in listed entities: None

Other directorships in listed entities in the previous 3 years: None

UMBERTO (BERT) MONDELLO
Non-Executive Director

Mr Bert Mondello is an experienced Public Company Director, Corporate Advisor and Technology Expert with 20 years experience across both the private and public sectors. An as Executive, Bert has substantial capital markets experience and knowledge of equity markets having participated in company restructures, complex M & A transactions, IPOs, RTOs, investor placements and capital raisings.

Bert has widespread experience spanning across retail and institutional sectors and an extensive knowledge of marketing communications and investor relations. With deep rooted expertise across multiple technology sectors, Bert has provided strategic corporate advice and mentoring to a number of private and public organisations internationally across multiple industries. He holds a Bachelor of Laws from the University of Notre Dame, Australia.

Special responsibilities: Member of the Nomination Committee

Other current directorships in listed entities: WestStar Industrial Limited, Vection Technologies Limited, Sinetech Limited, Emerge Gaming Limited

Other directorships in listed entities in the previous 3 years: None

SALVATORE VALLELONGA
Non-Executive Director

Mr Sal Vallelonga is a co-founding Partner of Plexus Global Consultants and is a Chartered Accountant of some 20 years' standing who holds a Bachelor of Commerce degree.

Mr Vallelonga specialises in providing corporate advisory, business coaching, strategic planning, business optimisation, taxation, accounting and wealth creation solutions to its SME and emerging growth clients. He also excels in succession planning assisting his business clients, with transitioning their business to family members or preparing their business for sale. Mr Vallelonga is a non-executive director of many businesses, and serves on many community based boards and committees.

Special responsibilities: Member of the Nomination Committee, Report and Investigation Officer, Senior Independent Director

Other current directorships in listed entities: None

Other directorships in listed entities in the previous 3 years: None

DEREK HALL
Company Secretary

Mr Hall is a Chartered Accountant, Fellow of the Financial Services Institute and Member of the Institute of Chartered Secretaries and Administrators.

DIRECTORS' MEETINGS

The following table sets out the number of Directors' meetings (including meetings of committees of Directors) held during the financial year and the number of meetings attended by each Director while they were a Director or committee member.

	DIRECTORS' MEETINGS	
DIRECTORS	NO OF MEETINGS ELIGIBLE TO ATTEND	ATTENDED
Josh Hunt	3	3
Bert Mondello	3	3
Salvatore Vallelonga	3	3

DIRECTORS' SHAREHOLDINGS

The following table sets out each Director's relevant interest in shares and options in shares of the Company as at the date of this report.

DIRECTORS	FULLY PAID ORDINARY SHARES	OPTIONS
Josh Hunt	1,486,516	-
Bert Mondello	20,629,167	-
Salvatore Vallelonga	1,360,437	-

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Information about the remuneration of Directors and senior management is set out in the Remuneration Report of this Directors' Report on pages 9 to 14.

SHARE OPTIONS GRANTED TO DIRECTORS AND SENIOR MANAGEMENT

The Company maintains an option plan for senior management and executives, as approved by shareholders at an Annual General Meeting.

REVIEW OF OPERATIONS AND PRINCIPAL ACTIVITIES

The Group's principal activities at the commencement of the financial year are outlined in the Chairman's report and listed below in Events Subsequent to Reporting Date.

OPERATING RESULTS

The loss after tax of the Group for the financial year attributable to the members of ZipTel Limited was $959,751 (30 June 2019: loss $338,415).

DIVIDENDS

No dividend has been declared by the Directors for this financial year.

STATE OF AFFAIRS

In the opinion of the Directors there were no significant changes in the state of affairs of the Company and its controlled entities that occurred during the financial year under review not otherwise disclosed in this report or the accompanying financial report. Reference should be made to the subsequent events note for changes in the state of affairs after Reporting Date.

INDEMNIFICATION OF OFFICERS AND AUDITORS

During the financial year, the Company paid a premium in respect of a contract insuring the Directors of the Company, the Company Secretary and all executive officers of the Company and of any related body corporate against a liability incurred as a Director, Secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium. The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as an officer or auditor.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Disclosure of information regarding likely developments in the operations of the Group in future financial years has been made in part in the Chairman's Report at the beginning of this Annual Report. Any further such disclosure and the expected results of those operations are likely to result in unreasonable prejudice to the Group and have accordingly not been disclosed in this report.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group's operations are not subject to any significant environmental regulations under the Commonwealth or State legislation. However, the Directors believe that the Group has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Group.

EVENTS SUBSEQUENT TO REPORTING DATE

On 13 August 2020, the Company announced a Public Offer Prospectus to raise up to $6,000,000 before costs in relation to the acquisition of the business of Douugh Limited (the Douugh Acquisition).

On 17 August 2020, the Company held an extraordinary general meeting of shareholders. At the meeting, shareholders approved, amongst other items and subject to completion of the Douugh Acquisition:

- the change to nature and scale of activities of the Company in relation to the Douugh Acquisition;
- a consolidation of capital on a 2:1.1 basis;
- creation of a new class of securities – Consideration Performance Shares;
- the issue of Consideration Shares, Consideration Options and Consideration Performance Shares
- a public offering of Shares to raise a minimum of $4 million and a maximum of $6 million before costs; and
- the appointment of new directors.

As at the date of this Report, the Douugh Acquisition has some conditions precedent outstanding including the completion of the Public Offer and approval, in principle, from the ASX for relisting and re-admission of its securities to the Official List. Once all conditions precedent are completed or waived, the Douugh Acquisition will be complete. The Company expects the transaction to be completed in early September 2020.

Apart from the above there were no matters or circumstances arising since the end of the reporting period that have significantly affected, or may significantly affect the operations of the Company and the results of those operations or the state of the affairs of the Company in the financial period subsequent to 30 June 2020.

PROCEEDINGS ON BEHALF OF THE COMPANY

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

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

The lead auditor's independence declaration forms part of the Directors' Report for the year ended 30 June 2020 and is set out on page 15.

There were no non-audit services provided by the Group's auditor Criterion Audit Pty Ltd during the financial year.

REMUNERATION REPORT (AUDITED)

This Remuneration Report, which forms part of the Directors' Report, sets out information about the remuneration of ZipTel Limited's Directors and its senior management for the financial year ended 30 June 2020. The prescribed details for each person covered by this report are detailed below under the following headings:

- Director and senior management details
- Remuneration policy
- Remuneration of Non-Executive Directors
- Retirement Benefits
- Remuneration of Directors and senior management
- Relationship between company performance and shareholder wealth
- Remuneration of key management personnel
- Key terms of employment contracts
- Other statutory information.

DIRECTOR AND SENIOR MANAGEMENT DETAILS

The following persons acted as Directors of the company during or since the end of the financial year:

NAME	POSITION
Josh Hunt	Non-Executive Chairman
Bert Mondello	Non-Executive Director
Salvatore Vallelonga	Non-Executive Director

The Company has no executive directors or senior management personnel at this time. Business decisions are considered and made by the Board as a whole. Executive directors and senior management will be engaged in due course when the operations of the business permit.

REMUNERATION POLICY

The Company's remuneration policy is based on the following principles:

- Provide competitive rewards to attract high quality executives;
- Provide an equity incentive for senior executives that will provide an incentive to executives to align their interests with those of the Company and its shareholders; and
- Ensure that rewards are referenced to relevant employment market conditions.

Remuneration packages contain the following key elements:

- Primary benefits – salary/fees; and
- Benefits, including the provision of superannuation.

In accordance with best practice corporate governance, the structure of Non-Executive Directors and key management personnel remuneration is separate and distinct.

The Board seeks to set remuneration at a level which provides the Company with the ability to attract and retain directors of relevant experience and skill, whilst incurring costs which are acceptable to shareholders.

REMUNERATION OF NON-EXECUTIVE DIRECTORS

The Company's Constitution provides that non-executive Directors may collectively be paid from an aggregate maximum fixed sum out of the funds of ZipTel Limited as remuneration for their services as Directors. The aggregate maximum fixed sum has been set at $250,000 per annum for the year ended 30 June 2020.

The Constitution and the Australian Securities Exchange Listing Rules specify that the aggregate remuneration amount can only be increased by the passing of an ordinary resolution of shareholders. This aggregate maximum fixed sum amount was increased to $300,000, subject to completion of the Douugh acquisition, with the approval of shareholders on 17 August 2020.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external shareholders as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process. Each director is entitled to receive a fee for being a director of the Company.

The remuneration of non-executive directors for the year ended 30 June 2020 is detailed in the remuneration of key management personnel in Table 1 of this report.

RETIREMENT BENEFITS

Consistent with the ASX Corporate Governance Rules which states that non-executive directors should not be provided with retirement benefits other than statutory superannuation, the Company does not provide retirement benefits to its Non-Executive Directors.

REMUNERATION OF SENIOR MANAGEMENT AND EXECUTIVE DIRECTORS

The Company aims to reward senior management and executive directors with a level and mix of remuneration commensurate with their position and responsibilities within the Company. The objective of the remuneration policy is to:

- Reward senior management personnel and executive directors for Company and individual performance;
- Align the interests of the senior management personnel and executive directors with those of the shareholders; and
- Ensure that total remuneration is competitive by market standards.

In determining the level and make-up of senior management and executive directors' remuneration, the Board reviews reports detailing market levels of remuneration for comparable roles. Remuneration currently consists of fixed and variable elements which are dependent on the satisfaction of such performance conditions as may be imposed by the Board.

Senior Management and Executive Directors are compensated through a variety of components which include:

- Short term employee benefits;
- Post-employment benefits;
- Other long-term benefits;
- Termination benefits; and
- Share-based payments.

The relative weighting of fixed and variable components for target performance is set according to the scope of the individual's role. The 'at-risk' component is linked to those roles in which market value provides reasons to provide some individuals with higher levels of remuneration, while also recognising the importance for providing shareholders with value.

To ensure that fixed remuneration for the Company's most senior executives remains competitive, it is reviewed annually based on performance and market data The Board may, from time to time, in its absolute discretion, make a written offer executives to apply for up to a specified number of Performance Rights.

Cash bonuses granted to executives are based on the respective performance of their regional business unit. Bonuses are paid out at various times during the year as determined by the Board.

REMUNERATION CONSULTANTS

There have been no remuneration consultants used in the year.

RELATIONSHIP BETWEEN COMPANY PERFORMANCE AND SHAREHOLDER WEALTH

The remuneration policy has been tailored to increase goal congruence between shareholders and Directors and key management personnel. Currently, this is facilitated through bonus schemes and the issue of options and performance rights to key management personnel to encourage the alignment of personal and shareholder interests. The Group believes this policy will be effective in increasing shareholder wealth.

As the Group is currently in the development phase, the Directors assess the performance of the Group with regard to the price of the Company's ordinary shares listed on the ASX and the market capitalisation of the Company rather than Group financial performance.

Directors and executives are issued Long Term Incentives ("LTIs") in the form of options and, in some cases, performance rights, to encourage the alignment of personal and shareholder interests.

Rights issued to Directors may be subject to market based price hurdles and vesting conditions and the exercise price of rights is set at a level that encourages the Directors to focus on share price appreciation. The Group believes this policy will be effective in increasing shareholder wealth. Key management personnel are also entitled to participate in the employee share and option arrangements.

Performance rights vest on the achievement of operational milestones, providing those directors holding performance shares an incentive to meet the operational milestones prior to the expiry date of the performance shares.

On the resignation of Directors any vested rights issued as remuneration are retained by the relevant party.

The Board may exercise discretion in relation to approving incentives such as rights. The policy is designed to reward key management personnel for performance that results in long-term growth in shareholder value.

In considering the Group's performance and benefits for shareholders' wealth, the Chairman has regard to the following indices in respect of the current financial year and the previous five financial years to June 2020:

FINANCIAL YEAR ENDING 30 JUNE	2020	2019	2018	2017	2016
Revenue ($'000)	65	7	26	215	762
NPAT ($'000)	(960)	(338)	(282)	(650)	(14,010)
Share price at start of year	$0.012	$0.015	$0.019	$0.155	$0.77
Share price at end of year	$0.017	$0.012	$0.015	$0.019	$0.155
Dividend	-	-	-	-	-
Basic EPS (cents per share)	(0.51)	(0.22)	(0.19)	(0.75)	(17.21)

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Table 1: Remuneration of the Non-Executive and Executive Directors of the Company for the year ended 30 June 2020.

	SHORT TERM BENEFITS		POST-EMPLOYMENT		SHARE BASED PAYMENTS	TOTAL	PERFORMANCE RELATED	
2020 DIRECTORS	SALARY & FEES ($)	NON-MONETARY ($)	SUPER-ANNUATION ($)	TERMINATION BENEFIT ($)	RIGHTS ($)	TOTAL ($)	FIXED REMUNERATION %	LTI %
NON-EXECUTIVE DIRECTORS								
B.Mondello[1]	109,000	-	-	-	40,000	149,000	100	-
J.Hunt	60,000	-	-	-	-	60,000	100	-
S.Vallelonga	60,000	-	-	-	-	60,000	100	-
TOTAL	**229,000**	**-**	**-**	**-**	**40,000**	**269,000**	**100**	**-**

1. Mr Mondello's remuneration for the year ended 30 June 2020 comprised of $60,000 in director fees and $89,000 in executive and management services of which $40,000 was converted to Shares and approved by Shareholders at the 2019 Annual General Meeting. The issue price of the shares was calculated by reference to a 20% discount to the 21-day VWAP to the date of agreement (being the date of the Notice of Meeting 29 October 2019– calculated to be $0.012).

Table 2: Remuneration of the Non-Executive and Executive Directors of the Company for the year ended 30 June 2019.

	SHORT TERM BENEFITS		POST-EMPLOYMENT		SHARE BASED PAYMENTS	TOTAL	PERFORMANCE RELATED	
2019 DIRECTORS	SALARY & FEES ($)	NON-MONETARY ($)	SUPER-ANNUATION ($)	TERMINATION BENEFIT ($)	RIGHTS ($)	TOTAL ($)	FIXED REMUNERATION %	LTI %
NON-EXECUTIVE DIRECTORS								
B.Mondello	48,000	-	-	-	-	48,000	100	-
J.Hunt	48,000	-	-	-	-	48,000	100	-
S.Vallelonga	48,000	-	-	-	-	48,000	100	-
TOTAL	**144,000**	**-**	**-**	**-**	**-**	**144,000**	**100**	**-**

No options held by Directors and senior management were exercised during the current or previous financial year.

KEY TERMS OF EMPLOYMENT CONTRACTS

It is Group policy that service contracts for Senior Management and Executive Directors be entered into. A service contract with an executive Director or senior executive would provide for the payment of benefits where the contract is terminated by the entity or the individual. The Executive Directors and senior executives would also be entitled to receive on termination of employment their statutory entitlements of accrued annual and long service leave, together with any superannuation benefits.

At any time the service contract can be terminated either by the entity or the Executive Director or senior management member providing notice for a period of time in line with market practice at the time the terms are agreed. The Company may make a payment in lieu of notice for the same period of time, equal to 100% of base salary.

An Executive Director or senior executive would have no entitlement to termination payment in the event of removal for misconduct. Major provisions of the agreements existing at Reporting Date relating to executive remuneration are set out below.

Non-Executive Directors

- Term of agreement: in effect until terminated in accordance with the agreement.
- Contracted on annual fixed remuneration.
- Non-Executive Directors are not entitled to a retirement allowance.
- Total compensation for all Non-Executive Directors is not to exceed AUD$250,000 per year.
- Fees paid for services over and above non-executive responsibilities are pre-approved by the Board.

OTHER STATUTORY INFORMATION

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

The Group acquired the following goods and services as follows.

	2020 $	2019 $
Purchase from HopgoodGanim (an entity related to Josh Hunt) for legal services	151,626	4,000
Purchase from Plexus Global Consultants (an entity related to Salvatore Vallelonga) for accounting services	1,320	1,452
Purchase from Indomain Enterprises (an entity related to Bert Mondello) for administrative and booking services	4,580	-
	157,526	5,452

OUTSTANDING BALANCES WITH RELATED PARTIES

	2020 $	2019 $
HopgoodGanim	179,989	13,200
Indomain Enterprises (an entity related to Bert Mondello)	-	13,200
The Cruz Trust (an entity related to Salvatore Vallelonga)	-	12,000
Plexus Global Consultants	-	363
	179,989	38,763

Outstanding balances are unsecured and settlement occurs in cash.

EQUITY HOLDINGS

The number of ordinary shares of the Company held, directly, indirectly or beneficially, by each Director and key management personnel, including their personally-related entities for the year ended 30 June 2020 is as follows:

KEY MANAGEMENT PERSONNEL	HELD AT 30 JUNE 2019	ON MARKET PURCHASES FY2020	OTHER CHANGES	HELD AT 30 JUNE 2020
J.Hunt	1,486,516	-	-	1,486,516
B.Mondello	16,629,167	-	4,000,000	20,629,167
S.Vallelonga	1,360,437	-	-	1,360,437
TOTAL	**19,476,120**	**-**	**4,000,000**	**23,476,120**

OPTIONS AND RIGHTS OVER EQUITY INSTRUMENTS

No options were granted as remuneration during the period. The number of options of the Company held, directly, indirectly or beneficially, by each Director and key management personnel, including their personally-related entities for the year ended 30 June 2020 is as follows:

KEY MANAGEMENT PERSONNEL	HELD AT 30 JUNE 2019	ON MARKET PURCHASES FY2020	OTHER CHANGES	HELD AT 30 JUNE 2020
J.Hunt	267,472	-	-	267,472
B.Mondello	2,575,833	-	-	2,575,833
S.Vallelonga	272,069	-	-	272,069
TOTAL	**3,115,374**	**-**	**-**	**3,115,374**

THIS IS THE END OF THE AUDITED REMUNERATION REPORT

This Directors' Report is signed in accordance with a resolution of Directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors,

Josh Hunt

Chairman

31August 2020

CRITERION AUDIT

Criterion Audit Pty Ltd

ABN 85 165 181 822

PO Box 2138 SUBIACO WA 6904

Suite 1 GF, 437 Roberts Road
SUBIACO WA 6008

Phone: 6380 2555 Fax: 9381 1122

To The Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit director for the audit of the financial statements of Ziptel Limited and its controlled entities for the year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours faithfully

ELIZABETH LOUWRENS CA
Director

CRITERION AUDIT PTY LTD

DATED at PERTH this 31st day of August 2020

Criterion Audit Pty Ltd

ABN 85 165 181 822

PO Box 2138 SUBIACO WA 6904

Suite 1 GF, 437 Roberts Road
SUBIACO WA 6008

Phone: 6380 2555 Fax: 9381 1122

Independent Auditor's Report

To the Members of Ziptel Limited

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report of Ziptel Limited ("the Company") and Controlled Entities ("the Consolidated Entity"), which comprises the consolidated statement of financial position as at 30 June 2020, 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, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

a) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2020 and of its performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

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

Key Audit Matters

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

Key audit matter	How our audit addressed the key audit matter
Going Concern The Company has had a history of substantial losses for the last number of years. The comprehensive loss for 2020 was $959,751, for 2019 the loss was $338,415 and for 2018 it was $282,282.	We assessed whether there was a material uncertainty as to the ability of the Company to continue as a going concern for at least the next 12 months after the date of the audit report and concluded that no such material uncertainty exists. Our procedures included: - Reviewing the company's budgets and cash flow forecasts; - Assessing the assumptions within those budgets and forecasts; - Enquiring of management regarding their intentions to increase / decrease operations; - Assessing the company's ability to raise additional capital; and - Enquiring of management regarding contingent liabilities.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

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

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

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

Directors' Responsibility for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Consolidated Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Consolidated Entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Consolidated Entity's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of the Company, for the year ended 30 June 2020, complies with section 300A of the Corporations Act 2001.

Responsibilities

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

Criterion Audit Pty Ltd

CRITERION AUDIT PTY LTD

Louwrens.

ELIZABETH LOUWRENS CA
Director

DATED at PERTH this 31st day of August 2020

DIRECTORS' DECLARATION

The Directors declare that:

The financial statements and notes, as set out on pages 21 to 45 are in accordance with the Corporations Act 2001 including:

- In the Directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable:

- In the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001 and other mandatory professional reporting requirements, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Group and the Company; and

- The Directors have been given the declarations required by section 295A of the Corporations Act 2001 by the Chief Executive Officer and the Chief Financial Officer.

Signed in accordance with a resolution of the Directors made pursuant to s.295(5) of the Corporations Act 2001

Josh Hunt
Chairman

31 August 2020

CONSOLIDATED STATEMENT OF
PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020 $	2019 $
Revenue			
Sale of goods and services	2	65,000	7,341
Other income	3	24,541	96,009
Expenses			
Cost of sales	4	(216)	(1,146)
Other expenses from ordinary activities			
Administration		(135,248)	(114,980)
Employee benefits	4	(46,451)	(179,628)
Consulting	4	(866,085)	(146,869)
Finance costs		(1,349)	(218)
Exchange gain		59	1,076
Total Expenses		**(1,049,290)**	**(441,765)**
Loss before income tax		(959,751)	(338,415)
Income tax expense	5	-	-
Loss after income tax for the year		**(959,751)**	**(338,415)**
Other comprehensive income		-	-
Total comprehensive loss for the year		(959,751)	(338,415)
Loss attributable to owners of the Company		(959,751)	(338,415)
Total comprehensive loss attributable to owners of the Company		**(959,751)**	**(338,415)**
Loss per share for the year attributable to the members of ZipTel Limited (cents per share)	13	(0.51)	(0.22)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF
FINANCIAL POSITION

AS AT 30 JUNE 2020

	Notes	2020 $	2019 $
Current Assets			
Cash and bank balances	7	831,736	1,603,329
Trade and other receivables	8	40,895	11,873
Prepayments		-	17,778
Total Current Assets		872,631	1,632,980
Total Assets		872,631	1,632,980
Current Liabilities			
Trade and other payables	9	306,927	107,347
Total Current Liabilities		306,927	107,347
Total Liabilities		306,927	107,347
Net Assets		565,704	1,525,633
Equity			
Issued capital	11	14,383,698	14,383,876
Reserves	12	8,000	8,000
Accumulated losses		(13,825,994)	(12,866,243)
Capital and reserves attributable to owners of the Company		565,704	1,525,633
Total equity		565,704	1,525,633

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF
CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2020

		Attributable to Owners of the Company			
	Notes	**Issued Capital $**	**Options Reserve $**	**Accumulated Losses $**	**Total $**
Balance at 30 June 2018		**14,052,249**	**-**	**(12,527,828)**	**1,524,421**
Loss for the year		-	-	(338,415)	(338,415)
Total comprehensive loss for the year		-	-	**(338,415)**	**(338,415)**
Transactions with owners in their capacity as owners					
Contribution of equity, net of transaction costs	11	309,627	-	-	309,627
Recognition of share-based payments	16	22,000	8,000	-	30,000
Balance at 30 June 2019		**14,383,876**	**8,000**	**(12,866,243)**	**1,525,633**
Loss for the year		-	-	(959,751)	(959,751)
Total comprehensive loss for the year		-	-	(959,751)	(959,751)
Transactions with owners in their capacity as owners					
Capital Raising Cost	11	(40,178)	-	-	(40,178)
Recognition of share-based payments	11, 16	40,000	-	-	40,000
Balance at 30 June 2020		**14,383,698**	**8,000**	**(13,825,994)**	**565,704**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020 $	2019 $
Cash flows from operating activities			
Receipts from customers		35,978	7,670
Payments to suppliers and employees		(832,171)	(454,202)
Other income		24,541	96,009
Net cash used in operating activities	15	(771,652)	(350,523)
Cash flows from investing activities			
Net cash used in investing activities		-	-
Cash flows from financing activities			
Net proceeds from issue of shares	11	-	309,627
Capital raising cost	11	-	-
Net cash provided by financing activities		-	309,627
Net increase / (decrease) in cash and cash equivalents		(771,652)	(40,896)
Cash and cash equivalents at the beginning of the year		1,603,329	1,643,149
Effects of exchange rate changes		59	1,076
Cash and cash equivalents at the end of the year	7	831,736	1,603,329

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

STATEMENT OF COMPLIANCE

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and complies with other legal requirements.

The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Group is a for-profit entity.

Australian Accounting Standards set out accounting policies that result in the presentation of reliable and relevant information about transactions, events and conditions.

The consolidated financial statements were authorised for issue by the Directors on 31 August 2020. The Directors have the power to amend and reissue the consolidated financial statements.

BASIS OF PREPARATION OF THE FINANCIAL REPORT

The financial report has been prepared on the basis of historical cost, except for certain financial instruments that are measured at fair values at the end of each reporting period, as disclosed in the accounting policies below. Historical cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2.

SIGNIFICANT ACCOUNTING POLICIES

(A). BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries) (referred to as 'the Group' in these financial statements). Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

(A). BASIS OF CONSOLIDATION (CONTINUED)

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

(B). SEGMENT REPORTING

An operating segment is identified as the component of the Group that is regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

(C). REVENUE RECOGNITION

Revenue is recognised at an amount that reflects the consideration to which the group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the group identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

Interest revenue is recognised using the effective interest rate method.

All revenue is stated net of the amount of goods and services tax (GST).

Government Incentives Received

Incentives received for research and development and other tax initiatives are recognised as revenue in the period in which they are received. The incentives received in the current period are for the ‘ATO Cashflow Boost’ initiative and fulfil all the necessary attached conditions.

(D). INCOME TAX

The income tax expense for the period is the tax payable on the current period’s taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group’s current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

(D). INCOME TAX (CONTINUED)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(E). IMPAIRMENT OF ASSETS

At the end of each reporting period, the Group 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. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's 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 pre-tax 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 is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the

(E). IMPAIRMENT OF ASSETS (CONTINUED)

carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(F). CASH AND CASH EQUIVALENTS

For the purpose of presentation in consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short term highly liquid investments with original maturities of three (3) months or less that are readily convertible to known amounts of cash and which are subject to significant risk of changes in value, and bank overdrafts.

(G). TRADE AND OTHER RECEIVABLES

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days. The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

(H). FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Group commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15.63.

Classification and subsequent measurement
Financial liabilities

Financial instruments are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit and loss if the financial liability is:
- a contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

(H). FINANCIAL INSTRUMENTS (CONTINUED)

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if:
- it is incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in an effective hedging relationships).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship are recognised in profit or loss.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and are not subsequently reclassified to profit or loss. Instead, they are transferred to retained earnings upon derecognition of the financial liability. If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.
Financial assets
Financial assets are subsequently measured at:
- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Measurement is on the basis of two primary criteria:
- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:
- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates;
- the business model for managing the financial assets comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

(H). FINANCIAL INSTRUMENTS (CONTINUED)

The Group initially designates a financial instrument as measured at fair value through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance with the documented risk management or investment strategy, and information about the groupings was documented appropriately, so that the performance of the financial liability that was part of a Group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis;
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Equity instruments
At initial recognition, as long as the equity instrument is not held for trading and not a contingent consideration recognised by an acquirer in a business combination to which AASB 3:*Business Combinations* applies, the Group has the option to make an irrevocable election to measure any subsequent changes in fair value of the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investment will still be recognised in profit or loss. The Group currently has no equity instrument financial assets.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the Group's accounting policy.

Derecognition
Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities
A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets
A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for derecognition of financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Group no longer controls the asset (ie the Group has no practical ability to make a unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

(H). FINANCIAL INSTRUMENTS (CONTINUED)

On derecognition of a debt instrument classified as at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which was elected to be classified under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Impairment
The Group recognises a loss allowance for expected credit losses on:
- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- contract assets (eg amounts due from customers under service contracts);
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:
- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Group uses the following approach to impairment, as applicable under AASB 9: *Financial Instruments*:
- - the simplified approach

Simplified approach
The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times. This approach is applicable to:
- - trade receivables or contract assets that result from transactions within the scope of AASB 15: *Revenue from Contracts with Customers* and which do not contain a significant financing component

In measuring the expected credit loss, a provision matrix for trade receivables is used taking into consideration various data to get to an expected credit loss (ie diversity of customer base, appropriate groupings of historical loss experience, etc).

Recognition of expected credit losses in financial statements
At each reporting date, the Group recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income. The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

(I). TRADE AND OTHER PAYABLES

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured, non-interest bearing and are paid on normal commercial terms. They are presented as current liabilities unless payment is not due within 12 months after the reporting period.

(J). EMPLOYEE BENEFITS

Provision is made for the Group's liability for employee benefits arising from services rendered by employees at balance date. Employee benefits expected to be settled within one year, together with entitlements arising from wages and salaries, annual leave and sick leave, which will be settled within one year, have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable are measured at historical cost. Contributions are made by the entity to employee superannuation funds and are charged as expenses when incurred.

(K). SHARE-BASED PAYMENTS

Equity-settled share-based payments in return for goods and services are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments.

(L). ISSUED CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(M). GOODS AND SERVICES TAX (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.
Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Statement of Financial Position. Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(N). PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(O). NEW AND REVISED ACCOUNTING STANDARDS

Standards affecting amounts reported and/or disclosures in the consolidated financial statements

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

(P). NEW AND REVISED ACCOUNTING STANDARDS (CONTINUED)

The Directors have reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2020. The Directors have decided against early adoption of any new Standards and Interpretations. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies as a result of accounting standards issued not yet effective.

(Q). CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Impairment of Trade Receivables

The Group assesses at the end of each reporting period whether there is objective evidence regarding trade receivables and historical collections experience. Provisions are adjusted periodically to reflect the actual and anticipated experience.

Taxation

Balances disclosed in the Financial Statements and the notes thereto related to taxation are based on the best estimates of the Directors. These estimates take into account both the financial performance and position of the Group as they pertain to current income taxation legislation, and the Directors' understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents the Directors' best estimate, pending an assessment by the Australian Taxation Office.

Share-based payments

The Company measures the cost of equity-settled share-based payment transactions with employees by reference to the fair value of the equity instruments at the grant date. Where the instrument is unlisted, the fair value is determined by using a valuation model. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity. Share-based payment transactions with consultants are measured based on the fair value of services provided or where this cannot be determined, is valued by reference to the fair value of the equity at the grant date.

NOTE 2: REVENUE

The following is an analysis of the Group's revenue for the year.

	2020 $	2019 $
OPERATING ACTIVITIES		
- Revenue from sale of goods	-	200
- Revenue from sale of services	65,000	7,470
Discount and sales refund	-	(329)
TOTAL REVENUE	**65,000**	**7,341**

NOTE 3: OTHER INCOME

The following is an analysis of the Group's other income for the year.

	2020 $	2019 $
NON-OPERATING ACTIVITIES		
Interest	14,541	24,960
Government grants / Research and development tax credit	-	71,049
Other income	10,000	-
		-
TOTAL OTHER INCOME	**24,541**	**96,009**

NOTE 4: EXPENSES

	2020 $	2019 $
EXPENSES		
Cost of sales	216	1,146
EMPLOYEE BENEFITS		
- Employee wages and salaries	42,421	44,630
- Employee benefits expense	4,030	134,998
TOTAL EMPLOYEE BENEFITS	**46,667**	**179,628**
- Consulting	866,085	146,869

NOTE 5: INCOME TAX

	2020 $	2019 $
THE COMPONENTS OF TAX EXPENSE/(BENEFIT) COMPRISE:		
Current tax	-	-
Deferred tax	-	-
Adjustments for current tax of prior periods	-	-
TOTAL INCOME TAX BENEFIT	-	-
The prima facie tax on profit/(loss) is reconciled to the income tax as follows:	(959,751)	(338,415)
Prima facie tax payable on pre-tax accounting profit from operations at 27.5% (2019: 27.5%)	(263,931)	(93,064)
Add tax effect of:		
- Share based payments	11,000	8,250
- Other non-deductible expenses	1,427	4,203
- R&D refund (non-assessable)	-	(19,538)
- Cash Flow Boost	(2,750)	-
- Deferred tax assets not brought to account	254,254	100,149
	-	-
Less tax effect of:		
- Deductible capital raising costs	-	-
Income tax expense/(benefit)	-	-

The tax rate used in the above reconciliation is the corporate tax rate of 27.5% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

UNRECOGNISED DEFERRED TAX ASSETS:

	2020 $	2019 $
DEFERRED TAX ASSETS NOT RECOGNISED AT REPORTING DATE:		
- Net carry forward income losses	2,841,198	2,833,762
- Other unrecognised net deferred tax assets (revenue)	29,630	50,876
- Other unrecognised net deferred tax assets (capital)	102,153	-
- Offset of deferred tax liabilities	-	(5,427)
	2,972,981	2,879,211

NOTE 6: AUDITOR'S REMUNERATION

	2020 $	2019 $
AUDITOR OF THE COMPANY:		
Criterion Audit Pty Ltd		
- Auditing or reviewing the financial report	23,500	21,500

NOTE 7: CASH AND CASH EQUIVALENTS

	2020 $	2019 $
Cash and bank balances	831,736	1,603,329
RECONCILIATION TO CONSOLIDATED STATEMENT OF CASHFLOWS:		
Balances as above	831,736	1,603,329
BALANCES PER STATEMENT OF CASHFLOWS	831,736	1,603,329

NOTE 8: TRADE AND OTHER RECEIVABLES

	2020 $	2019 $
CURRENT		
Trade debtors	-	75,555
Less allowance for doubtful debts	-	(75,555)
Trade debtors, net	-	-
Goods and services tax recoverable	40,895	11,873
	40,895	11,873

The average credit period on sale of goods is approximately 90 days. The sale of services is collected in advance. No interest is charged on the trade receivables. Due to the short-term nature of the current receivables, their carrying amount is assumed to be the same as their fair value. For the non-current receivables, the fair values are also not significantly different to their carrying amounts. Before accepting any new customers, the Group internally assess the potential customer's credit quality and defines credit limits by customer. Limits to customers are reviewed periodically.

	2020 $	2019 $
AGEING OF PAST DUE BUT NOT IMPAIRED		
Over 120 days	-	-
AGEING OF IMPAIRED TRADE RECEIVABLES		
Over 120 days	-	75,555
MOVEMENT IN THE ALLOWANCE FOR DOUBTFUL DEBTS		
Balance at beginning of the year	75,555	75,555
Impairment losses recognised on receivables	-	-
Amounts written off during the year as uncollectible	(75,555)	-
Amounts recovered during the year	-	-
	-	75,555

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The Company has fully provided for the outstanding balance at year end.

NOTE 9: TRADE AND OTHER PAYABLES

	2020 $	2019 $
CURRENT		
Trade payables	282,862	91,702
Sundry creditors	12,241	5,626
Employee related statutory liabilities	11,824	10,019
	306,927	107,347

Trade payables are unsecured and are usually paid within 30 – 60 days of recognition. The carrying amounts of trade and other payables are assumed to be the same as their fair values, due to their short-term nature.

NOTE 10: PROVISIONS

The Company had no accrued employee entitlement balances as at 30 June 2020.

NOTE 11: ISSUED CAPITAL

	2020		2019	
	Number of shares	$	Number of shares	$
Fully paid ordinary shares	189,133,899	14,383,698	185,133,899	14,383,876

2020 **FULLY PAID ORDINARY SHARES**	Number of shares	$
Balance at 1 July 2019	185,133,899	14,383,876
Capital raising cost	-	(40,178)
Issue of shares in return for service – Directors	4,000,000	40,000
Balance at 30 June 2020	189,133,899	14,383,698

2019 **FULLY PAID ORDINARY SHARES**	Number of shares	$
Balance at 1 July 2018	149,733,899	14,052,249
Issue of shares under Placement	33,400,000	309,627
Issue of shares in return for service – Contractors	2,000,000	22,000
Balance at 30 June 2019	185,133,899	14,383,876

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one (1) vote, and upon a poll each share is entitled to one (1) vote, in proportion to the number of and amounts paid on the shares held.

During the period, the Company issued 4,000,000 New Shares to Director Mr Bert Mondello (or his nominees) at $0.01 per share in lieu of directors' fees for the period from 1 July 2019 to 31 October 2019.

During the prior year, the Company completed a Placement to sophisticated and professional investors of 33,400,000 New Shares at an issue price of $0.01 per New Share raising $334,000 before costs. Associated costs from the capital raising, including the lead managers fee totalled $24,373 resulting in a raising after costs of $309,627. In addition, the Company issued 2,000,000 New Shares and 2,000,000 New Listed Options to contractors in satisfaction of fees for services rendered. Valued as at the date of grant, the New Shares represent an expense of $22,000 and the New Listed Options Shares represent an expense of $8,000 to the Company.

NOTE 11: ISSUED CAPITAL (CONTINUED)

	Number of Options	
	2020	2019
MOVEMENTS IN OPTIONS		
Balance at the beginning of the financial year	31,946,780	29,946,780
Issue of options in return for service	-	2,000,000
BALANCE AT THE END OF THE FINANCIAL YEAR	31,976,780	31,946,780

The Listed Options expired on 6 July 2020. Quotation of the Listed Options ceased at the close of trading on 30 June 2020, being 4 business days before the Expiry Date.

	Number of Rights	
	2020	2019
MOVEMENTS IN RIGHTS		
Balance at the beginning of the financial year	-	1,250,000
Rights lapsed during the year	-	(1,250,000)
BALANCE AT THE END OF THE FINANCIAL YEAR	-	-

Rights convert to Ordinary Fully Paid Shares on a one for one basis following the achievement of performance milestones. No new rights were issued during the period, no rights lapsed or were converted to Ordinary Fully Paid Shares and none were on issue at the end of the period.

NOTE 12: RESERVES

	2020 $	2019 $
Option Reserve	8,000	8,000
BALANCE AT THE BEGINNING OF THE FINANCIAL YEAR	8,000	-
Options granted during the year		
- Share-based payments	-	8,000
Balance at the end of the financial year	8,000	8,000

As above, during the prior year, the Company issued New Listed Options to contractors in return for services rendered. The value of these Options at grant date ($8,000) was recognised by the Company.

NOTE 13: LOSS PER SHARE

	2020 $	2019 $
RECONCILIATION OF LOSS USED IN CALCULATING LOSS PER SHARE:		
Loss attributable to owners of the Company	(959,751)	(338,415)
	Number of Shares	**Number of Shares**
Weighted average number of ordinary shares for the purposes of basic loss per share	187,479,104	156,055,328

As the Company has made a loss for the year ended 30 June 2020, all options on issue are considered antidilutive and have not been included in the calculation of diluted earnings per share. These options could potentially dilute basic earnings per share in the future.

NOTE 14: DIVIDENDS

No dividends were paid during the financial year. No recommendation for payment of dividends has been made.

NOTE 15: RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2020 $	2019 $
Loss after income tax	(959,751)	(338,415)
NON CASH ITEMS		
Share-based payment expenses	40,000	30,000
Exchange differences	(59)	(1,076)
(Decrease) / Increase in working capital		
Change in other current assets	(11,244)	(2,987)
Change in other liabilities	159,402	(38,045)
Net cash outflow from operating activities	(771,652)	(350,523)

NOTE 16: SHARE-BASED PAYMENTS

During the period, the Company issued 4,000,000 New Shares to Director Mr Bert Mondello (or his nominees) at $0.01 per share in lieu of directors' fees for the period from 1 July 2019 to 31 October 2019. The issue price of the shares was calculated by reference to a 20% discount to the 21-day VWAP to the date of agreement (being the date of the Notice of Meeting 29 October 2019– calculated to be $0.012).

In the 2019 financial year the Company issued 2,000,000 New Shares and 2,000,000 New Listed Options to contractors in satisfaction of fees for services rendered. Valued as at the date of grant, the New Shares represented an expense of $22,000 and the New Listed Options Shares represented an expense of $8,000 to the Company.

NOTE 17: KEY MANAGEMENT PERSONNEL COMPENSATION

The aggregate compensation made to Directors of the Company and the Group is set out below:

	2020 $	2019 $
Short term benefits	229,000	144,000
Post-employment benefits	-	-
Share-based payments	40,000	-
	269,000	144,000

Detailed remuneration disclosures are provided in the Remuneration Report.

NOTE 18: RELATED PARTY TRANSACTIONS

The consolidated financial statements include the financial statements of ZipTel Limited and the subsidiaries listed in the following table:

Name	Country of Incorporation	Principal Activities	% Equity Interest 2020	% Equity Interest 2019
AussieSim Pty Ltd	Australia	Telecommunication	100%	100%
Zipt Pty Ltd	Australia	Telecommunication	100%	100%
Zipt IP Pty Ltd	Australia	Telecommunication	100%	100%
Roam Like Home Pty Ltd	Australia	Telecommunication	100%	100%

ZipTel Limited is the ultimate legal Australian parent entity and ultimate legal parent of the Group.

TRANSACTIONS WITH RELATED PARTIES

(1) TRANSACTIONS WITH RELATED PARTIES

The Group acquired the following goods and services as follows.

	2020 $	2019 $
Purchase from HopgoodGanim (an entity related to Josh Hunt) for legal services	151,626	4,400
Purchase from Plexus Global Consultants (an entity related to Salvatore Vallelonga) for accounting services	1,320	1,452
Purchase from Indomain Enterprises (an entity related to Bert Mondello) for administrative and booking services	4,580	-
	157,526	5,452

All transactions were made on normal commercial terms and conditions and at market rates.

(2) OUTSTANDING BALANCES WITH RELATED PARTIES

	2020 $	2019 $
HopgoodGanim	179,989	13,200
Indomain Enterprises	-	13,200
The Cruz Trust	-	12,000
Plexus Global Consultants	-	363
	179,989	38,763

All the outstanding balances with related parties are included in trade and other payables in note 9.

NOTE 19: CAPITAL AND LEASING COMMITMENTS

The Group does not have any capital and leasing commitments.

NOTE 20: SEGMENT REPORTING

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors. During the year the Company only operated in one segment and that was software and mobile app development.

NOTE 21: RISK MANAGEMENT

(A) CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern whilst maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of cash and cash equivalents disclosed in note 7, equity attributable to the equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in notes 11 and 12.

Operating cash flows are used to maintain and expand the Group's operational assets, as well as to make the routine outflows of tax and repayment of maturing payables and debt.

In order to achieve this objective, the Group seeks to maintain a gearing ratio that balances risks and returns at an acceptable level and also to maintain a sufficient funding base to enable the Group to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, either through new share issues, or the reduction of debt, the Group considers not only its short-term position but also its long-term operational and strategic objectives.

(B) FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group does not use any derivative financial instruments to hedge risk exposures.

The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks, and aging analysis for credit risk. Risk management is carried out by the Board as a whole.

The Group holds the following financial instruments:

	2020 $	2019 $
FINANCIAL ASSETS - CURRENT		
Cash and cash equivalents	831,736	1,603,329
Trade and other receivables	40,895	11,873
	872,631	1,615,202
FINANCIAL LIABILITIES - CURRENT		
Trade and other payables	306,927	107,347
	306,927	107,347

NOTE 21: RISK MANAGEMENT (CONTINUED)

(C) Market Risk

(i) Foreign Exchange Risk

The Group had US dollar bank accounts at 30 June 2019 with a total balance of A$21,896 (2019: A$21,837). The Group has entered into service agreements which were valued in US dollars and UK pound sterling. No financial instruments have been entered into to manage this risk. The table below summarises the impact of +/– 10% strengthening/weakening of the USD against the AUD on the Group post tax profit for the year and equity. The analysis is based on a 10% strengthening/weakening of the USD against the AUD at reporting date with all other factors remaining equal.

	Post tax profit $	Equity $
2020		
Impact of a 10% strengthening of the USD on net loss	(2,190)	(2,190)
Impact of a 10% weakening of the USD on net loss	2,190	2,190
2019		
Impact of a 10% strengthening of the USD on net loss	(2,184)	(2,184)
Impact of a 10% weakening of the USD on net loss	2,184	2,184

(ii) Cash flow and fair value interest rate risk

Cash and cash equivalents bear interest at floating rates based on the bank prime rate, and as such, are subject to interest rate cash flow risk resulting from market fluctuations in interest rates. The Group has cash balances in bank accounts and short term deposits. Due to the short-term nature of these financial instruments, the Group believes that risks related to interest rates are not significant to the Group at this time.

(D) Credit Risk Management

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the financial loss from defaults. The Group uses publicly available financial information and its own trading record to rate its major customers.

The Group's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

The Group does not have any significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. Group is not exposed to any credit risk on derivative financial instruments as the Group has not acquired any and does not use them in the course of its normal operations.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

NOTE 21: RISK MANAGEMENT (CONTINUED)

(E) Liquidity Risk Management

The carrying amount of the Group's financial liabilities represents the maximum liquidity risk. The Group's maximum exposure to liquidity risk at the reporting date was:

	2020 $	2019 $
FINANCIAL LIABILITIES - CURRENT		
Trade and other payables	306,927	107,347
	306,927	107,347

The following table discloses the contractual maturity analysis at the reporting date:

	< 30 days $	30 – 60 days $	> 60 days $	Total $
FINANCIAL ASSETS				
Cash and cash equivalents	831,736	-	-	831,736
Trade and other receivables	40,895	-	-	40,895
	872,631	-	-	872,631
FINANCIAL LIABILITIES				
Trade and other payables	306,927	-	-	306,927
	306,927	-	-	306,927

(F) Fair Value of Financial Instruments

The Group determines the fair values of financial assets and liabilities in accordance with accounting policies as disclosed in Note 1 to the financial statements.

The Directors consider that the carrying amount of financial assets and financial liabilities in the financial statements approximates their fair values. Fair value is based on a Level 2 hierarchy for loans and borrowings based on market rates for similar assets and liabilities.

The Group does not hold any derivatives, financial assets for trading, nor available for sale financial assets at the reporting date.

NOTE 22: PARENT ENTITY INFORMATION

The following information relates to the parent entity; ZipTel Ltd. The information presented here has been prepared using consistent accounting policies as presented in note 1.

	2020 $	2019 $
Current Assets	816,532	1,614,167
TOTAL ASSETS	816,532	1,614,167
Current Liabilities	306,927	107,347
TOTAL LIABILITIES	306,927	107,347
Contributed equity	14,383,698	14,383,876
Reserves	8,000	8,000
Accumulated Losses	(13,882,093)	(12,885,056)
TOTAL EQUITY	509,605	1,506,820
Revenue for the year	-	-
TOTAL COMPREHENSIVE PROFIT (LOSS) FOR THE YEAR	(997,037)	(349,789)

NOTE 23: CONTINGENCIES

The Company signed a mandate agreement with Canaccord Genuity to raise funds for the Douugh IPO. A commission of 6% of gross proceeds along with 8M free attaching Listed Options for every $1M raised on a pro rata basis was payable in this regard.

There were no other contingencies as at 30 June 2020.

NOTE 24: SUBSEQUENT EVENTS

On 13 August 2020, the Company announced a Public Offer Prospectus to raise up to $6,000,000 before costs in relation to the acquisition of the business of Douugh Limited (the Douugh Acquisition).

On 17 August 2020, the Company held an extraordinary general meeting of shareholders. At the meeting, shareholders approved, amongst other items and subject to completion of the Douugh Acquisition:

- the change to nature and scale of activities of the Company in relation to the Douugh Acquisition;
- a consolidation of capital on a 2:1.1 basis;
- creation of a new class of securities – Consideration Performance Shares;
- the issue of Consideration Shares, Consideration Options and Consideration Performance Shares
- a public offering of Shares to raise a minimum of $4 million and a maximum of $6 million before costs; and
- the appointment of new directors.

As at the date of this Report, the Douugh Acquisition has some conditions precedent outstanding including the completion of the Public Offer and approval, in principle, from the ASX for relisting and re-admission of its securities to the Official List. Once all conditions precedent are completed or waived, the Douugh Acquisition will be complete. The Company expects the transaction to be completed in early September 2020.

Apart from the above there were no matters or circumstances arising since the end of the reporting period that have significantly affected, or may significantly affect the operations of the Company and the results of those operations or the state of the affairs of the Company in the financial period subsequent to 30 June 2020.

NOTE 25: COMPANY DETAILS

The registered office and the principal place of business are:

- Suite 3, 138 Main Street Osborne Park WA 6017

NUMBER OF HOLDINGS OF EQUITY SECURITIES AS AT 14 AUGUST 2020

The fully paid issued capital of the Company consisted of 189,133,899 ordinary fully paid shares held by 1,548 shareholders. Each share entitles the holder to one vote.

At 30 June 2020, there were 31,946,780 options over ordinary shares with an exercise price of $0.05 and an expiry date of 6 July 2020 held by 131 option holders. These Options expired post year end and there are currently no Options on issue. Options do not carry a right to vote.

DISTRIBUTION OF HOLDERS OF EQUITY SECURITIES AT 14 AUGUST 2020

SPREAD OF HOLDINGS	HOLDERS	SECURITIES	% OF ISSUED CAPITAL
1 -1,000	454	123,917	0.07%
1,001 -5,000	296	782,641	0.41%
5,001 -10,000	133	1,084,889	0.57%
10,001 -100,000	445	17,402,854	9.20%
100,001 -9,999,999	218	169,739,598	89.75%
TOTAL	**1,546**	**189,133,899**	**100.00%**

UNMARKETABLE PARCELS	MINIMUM PARCEL SIZE	HOLDERS	UNITS
Minimum $500 parcel at $0.017 per unit	29,412	1,082	5,672,799

SUBSTANTIAL SHAREHOLDERS AS AT 14 AUGUST 2020

The names of substantial shareholders the Company is aware of from the register, or who have notified the Company in accordance with Section 671B of the Corporations Act are

SUBSTANTIAL SHAREHOLDER	NUMBER OF SHARES	% HELD
Mr Umberto Mondello and Associated Entities	20,629,167	10.9%

TWENTY LARGEST SHAREHOLDERS OF QUOTED EQUITY SECURITIES

TOP 20 HOLDERS OF ORDINARY FULLY PAID SHARES AT 14 AUGUST 2020

RANK	SHAREHOLDER	UNITS	% OF ISSUED CAPITAL
1	INDOMAIN ENTERPRISES PTY LTD <U C MONDELLO FAMILY A/C>	19,659,167	10.39%
2	UPSKY EQUITY PTY LTD <UPSKY INVESTMENT A/C>	9,000,000	4.76%
3	KIORAKU PTY LTD <KIORAKU A/C>	7,950,000	4.20%
3	LIGURIAN HOLDINGS PTY LTD	7,950,000	4.20%
4	MR THOMAS LUKE ANUSIC	6,554,283	3.47%
5	RIMOYNE PTY LTD	5,145,866	2.72%
6	TRADITIONAL SECURITIES GROUP PTY LTD <LPR FAMILY A/C>	5,000,000	2.64%
7	GAILFORCE MARKETING & PR PTY LTD <HALE AGENCY S/F A/C>	4,131,818	2.18%
8	SUNSET CAPITAL MANAGEMENT PTY LTD <SUNSET SUPERFUND A/C>	4,000,000	2.11%
9	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,804,591	2.01%
10	ALTOR CAPITAL MANAGEMENT PTY LTD <ALTOR ALPHA FUND A/C>	3,250,000	1.72%
11	MR PHILIP UMBERTO RE	3,001,529	1.59%
12	MR MARK PETER O'BRIEN & MRS LOUISE MARGARET MARTHA O'BRIEN	2,312,000	1.22%
13	MRS RUTH SAHAY	2,000,000	1.06%
13	MR JON PAUL RE	2,000,000	1.06%
14	KEYSQUARED PTY LTD	1,900,000	1.00%
15	MR ADAM STUART DAVEY <SHENTON PARK INVESTMENT A/C>	1,685,500	0.89%
16	SACCO DEVELOPMENTS AUSTRALIA PTY LIMITED <THE SACCO FAMILY A/C>	1,645,363	0.87%
17	MR ANDREAS BIERI	1,559,659	0.82%
18	MR ROMANO NEGRI <TOWER INVESTMENTS A/C>	1,500,000	0.79%
19	NYG PTY LTD <JNH LAW FUND A/C>	1,337,360	0.71%
20	CROSSBAY PTY LTD	1,300,000	0.69%