4DS MEMORY LIMITED
and Controlled Entities
ACN: 145 590 110

Annual Report

For the year ended 30 June 2020

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CORPORATE DIRECTORY

Directors

Mr James Dorrian	Non-Executive Chairman
Dr Guido Arnout	CEO and Managing Director
Mr David McAuliffe	Executive Director
Mr Howard Digby	Non-Executive Director

Company Secretary
Mr Peter Webse

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Securities Exchange Listing
Australian Securities Exchange
Home Exchange: Perth, Western Australia
Code: 4DS

The Directors of 4DS Memory Limited ("the Company") ("4DS") and its controlled entities ("the Group" or "Consolidated Group") submit the following report for the year ended 30 June 2020 ("Financial Period").

Directors

The names and the particulars of the Directors of the Company during or since the end of the financial year are:

Mr James Dorrian	Non-Executive Chairman
Dr Guido Arnout	CEO and Managing Director
Mr David McAuliffe	Executive Director
Mr Howard Digby	Non-Executive Director

Qualifications, Experience and Special Responsibilities of Directors

Mr James Dorrian	-	Non-Executive Chairman
Qualifications	-	BA (Economics and Communications)
Experience	-	Mr Dorrian is former partner at Crosspoint Venture Partners, a Silicon Valley based early stage venture capital firm. He has served as both CEO and Director of several Silicon Valley companies and has in depth M&A and IPO experience gained through founding and managing successful technology exits. Prior to these roles, Mr Dorrian was the Founder and CEO of Arbor Software and has held management roles with a number of multinational IT companies. He is a founding member of the OLAP Council, an industry consortium for On-Line Analytical Processing.
Directorships held in other listed entities	-	Nil
Dr Guido Arnout	-	CEO and Managing Director
Qualifications	-	PhD Electrical Engineering
Experience	-	Dr Arnout has specific expertise with over 30 years in commercialising electronics technology from concept to product. He was the founding President & CEO of PowerEscape, which introduced the first tools for the development of low-power software executing on multicore devices. He was also founding President & CEO of CoWare, which pioneered system-level design tools for hardware-software co-design and the time-based licensing business model. Dr Arnout co-founded the Open SystemC Initiative (OSCI), an industry consortium to standardise a language for system level design, and as its President submitted the SystemC language to IEEE. He served as VP of Engineering and later senior VP of marketing of CrossCheck Technology. He co-founded and later became VP of Engineering of Silvar-Lisco, the first commercial EDA (electronic design automation).
Directorships held in other listed entities	-	Nil
Mr David McAuliffe	-	Executive Director
Qualifications	-	LLB (Hons), BPharm
Experience	-	Mr McAuliffe is an experienced company Director and entrepreneur who has had over 20 years' experience, mostly in the international biotechnology field. During that time, he was involved in numerous capital raisings and in licensing of technologies. He is a founder of several companies in Australia, France and the United Kingdom, many of which have become public companies. He is President of the Dyslexia-Speld Foundation WA (Inc).
Directorships held in other listed entities	-	Non-Executive Director of Invex Therapeutics Limited (ASX: IXC)

Mr Howard Digby	-	Non-Executive Director
Qualifications	-	BE (Mechanical, Hons)
Experience	-	Mr Digby started his career at IBM and has spent over 25 years managing technology related businesses across the Asia Pacific region, of which 12 years were spent in Hong Kong. More recently, he was with The Economist Group as Regional Managing Director. Prior to this he held senior management roles at Adobe and Gartner where his clients included major semiconductor players inclusive of Samsung, Hynix and TSMC. Upon returning to Perth, Howard served as Executive Editor of WA Business News and now spends his time as an advisor and investor, having played key roles in several M&A and reverse takeover transactions.
Directorships held in other listed entities	-	Non-Executive Directors of Elsight Limited (ASX: ELS) Non-Executive Director of Omni Market Tied Limited (ASX: OMT) Non-Executive Director of Cirralto Limited (ASX: CRO) Non-Executive Director of Vortic Limited (ASX: VOR)

Interests in shares and options of the Company

		Number of Ordinary Shares at 30 June 2020	Number of Options over Ordinary Shares at 30 June 2020	Number of Ordinary Shares as at the date of this report	Number of Options over Ordinary Shares as at the date of this report
Mr James Dorrian	Non-Executive Chairman	52,783,831	1,250,000	52,783,831	1,250,000
Dr Guido Arnout	CEO and Managing Director	3,030,053	21,380,000	3,030,053	21,380,000
Mr Howard Digby	Non-Executive Director	5,777,172	1,250,000	5,777,172	1,250,000
Mr David McAuliffe	Executive Director	13,323,295	7,000,000	13,656,628	7,000,000

Company Secretary

Mr Peter Webse		
Qualifications	-	B.Bus, FGIA, FCIS, FCPA, MAICD
Experience	-	Mr Webse has over 27 years' company secretarial experience and is the Managing Director of Platinum Corporate Secretarial Pty Ltd, a company specialising in company secretarial, corporate governance and corporate advisory services.

Principal Activities

4DS Memory Limited ("the Company") (ASX: 4DS), with facilities located in Silicon Valley, is a semiconductor development company of non-volatile memory technology, pioneering Interface Switching ReRAM, for next generation gigabyte Storage Class Memory. Established in 2007, 4DS owns a patented IP portfolio, comprising 26 US patents granted and an additional 6 patents pending or being filed, which have been developed in-house to create high density Storage Class Memory. 4DS has a joint development agreement with Western Digital subsidiary HGST, a global storage leader, which is now in its seventh year. 4DS also has a development agreement with Belgium based imec.

Operating Results

The loss of the Consolidated Group after providing for income tax amounted to $5,469,276 (2019: $5,782,665 loss).

Review of Operations

For the year ended 30 June 2020, 4DS made significant progress in the development of its Interface Switching ReRAM technology with the consistent achievement of key strategic and technical milestones.

COVID-19

- On 18 March 2020, the counties of the San Francisco Bay Area issued a COVID-19 shelter-in-place ordinance with exceptions for a short list of essential business activities
- As a consequence of COVID-19, the Company undertook an extensive review of its operations and significantly cut expenses from 1 April 2020 to 30 June 2020
- On 28 May 2020, the counties of the San Francisco Bay Area started easing the strict social-density and physical-distancing guidelines
- On May 11, 2020, the Company received a loan of US$131,542 equivalent to AU$191,543 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the US Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides loans to qualifying businesses for amounts up to 2.5 times the average monthly payroll expenses of the qualifying business. The loans are forgivable after eight weeks as long as the borrower uses the loan proceeds for eligible purposes, maintains its payroll levels, and keeps salary reductions in compliance with PPP
- The Company believes that its use of the loan proceeds will meet the conditions for full forgiveness of the loan

Operational Highlights

- Development partner imec agreed to extend its collaboration agreement for an additional twelve months, commencing 1 January 2020
- Renewed joint development agreement with Western Digital Corporation subsidiary HGST for another 12 months, the seventh consecutive yearly renewal was announced on 1 May 2020
- On 22July 2019, 14 October 2019 and 15 April 2020 the Company was granted its 21st, 22nd and 23rd patents in the USA. These patents specifically relate to the operation of the Company's fully owned Interface Switching ReRAM technology required for high-speed Storage Class Memory with read speeds near to DRAM

During the COVID-19 lockdown, the Company received:

- The Initial Platform Lot of 300mm wafers, fabricated prior to HGST joining the 4DS/imec collaboration, to validate the integration of 4DS' memory cells on imec's megabit platform
- A set of 300mm Additional Wafers Lot, fabricated with process condition contributions from HGST and imec – after HGST joined the 4DS/imec collaboration – to accelerate the Company's stated goals of (i) developing a repeatable process for producing 4DS' memory using state-of-the-art production equipment, and (ii) demonstrating this process by fabricating a 4DS megabit memory on imec's platform with high endurance and read speed comparable to DRAM

As soon as local COVID-19 ordinances started to be eased, the Company reconfigured its testing lab in compliance with local COVID-19 social-density and social-distancing requirements so that wafer testing could resume safely in early June. The results of this testing are outlined below.

Review of Operations (Continued)

Additional Wafers Lot

The Company confirmed that it had measured the highest speed and endurance in the Additional Wafers Lot that had ever been recorded by the Company:

- The best recorded speed at near DRAM speed exceeded Storage Class Memory requirements without the need for speed crippling error correction
- Endurance was two to three times better than previously reported. Actual endurance may be significantly higher but is currently not quantified due to available lab time and test equipment capacity
- The Company also measured retention and the results remain confidential to the Company and its partners until such time the upper limits of retention can be more accurately defined.

Initial Platform Lot

- Testing of the Initial Platform Lot validated the integration process steps required to integrate 4DS memory cells with imec's megabit platform. The information gathered from this testing enabled 4DS to identify which process steps will be further tuned, to benefit future platform iterations.

Placement, Issue of Securities and Release from Escrow

On 17 July 2019, the Company announced a placement of 65 million ordinary shares at an issue price of $0.05 per share to professional and sophisticated investors raising $3.25 million.

On 25 July 2019, the Company issued 15 million ordinary shares at an issue price of $0.05 pursuant to a Share Sale Purchase Plan to raise $750,000.

On 28 August 2019, the Company issued 2,600,000 incentive options to its USA based employees and consultants. The options are exercisable at $0.052 each, of which 10% vest on a quarterly basis over ten quarters, with the options expiring on 28 August 2024.

On 24 September 2019, 750,000 ordinary shares were issued following the exercise of unlisted options with expiry of 31 December 2019.

On 7 October 2019, 350,000 ordinary shares were issued following the exercise of unlisted options with expiry of 31 December 2019.

On 7 October 2019, 1,675,000 ordinary shares were issued following the exercise of unlisted options with expiry of 31 December 2019.

On 29 November 2019, the Company issued the following:

- 655,737 fully paid ordinary shares at $0.061 in satisfaction of the Director's fees owed to Mr. James Dorrian from 1 July 2018 until 30 June 2019 (being a total of $40,000) as per shareholders' approval on 29 November 2019
- 245,901 fully paid ordinary shares at $0.061 to David McAuliffe in satisfaction of salary accrued from 1 July 2018 until 31 December 2018 (being a total of $15,000) as per shareholders' approval on 29 November 2019

On 24 December 2019, 350,000 ordinary shares were issued following the exercise of unlisted options with expiry of 31 December 2019.

On 31 December 2019, 1,875,000 unlisted options having an exercise price of $0.05 each expired.

Review of Operations (Continued)

On 9 June 2020, 1,500,000 ordinary shares were issued following the exercise of unlisted options with expiry of 30 June 2020.

On 30 June 2020, 36,458,333 unlisted options having an exercise price of $0.02 each expired.

On 30 June 2020, 16,000,000 unlisted options having an exercise price of $0.05 each expired.

On 30 June 2020, 5,000,000 unlisted options having an exercise price of $0.07 each expired.

Financial Position and Significant Changes in the State of Affairs

The net assets of the Consolidated Group totalled $1,616,707 (2019: $2,403,402). Cash on hand at 30 June 2020 totalled $2,509,785 (2019: $2,167,613).

Material changes to issued share capital include:

- Exercise of options during the year to the value of $279,526
- Capital raising to the value of $4,000,000, additional detail included under review of operations

Dividends Paid or Recommended

No dividend has been declared or paid by the Company. The Directors do not recommend the payment of a dividend.

After Reporting Date Events

On 29 June 2020, the Company announced binding commitments to raise $4.5 million via placement of 100 million shares at $0.045 per share of which the proceeds were received subsequently in July 2020.

On 2 July 2020, the Company announced an invitation to eligible Shareholders to participate in a Share Purchase Plan (SPP).

On 23 July 2020, the Company announced 880,000 unlisted options having an exercise price of $0.045 each expired.

On 28 July 2020, the Company successfully completed its Share Purchase Plan (SPP) at $0.045 per share and raised $3.1 million which will be used to progress the development of 4DS Interface Switching ReRam technology with imec and Western Digital/HGST.

On 4th August 2020, the Company was granted its 24th, 25th and 26th patents in the USA. These patents specifically relate to the operation of the Company's fully owned Interface Switching ReRAM technology required for high-speed Storage Class Memory with read speeds near to DRAM.

The impact of the Coronavirus ('COVID-19') pandemic is ongoing for the Consolidated Group up to 30 June 2020, and therefore it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

There have been no other matters or circumstances that have arisen since 30 June 2020 that have significantly affected or may significantly affect

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

Future Developments, Prospects and Business Strategies

The above results formed the basis of discussions on development strategies which need to be undertaken over the next six months to put the Company in a position to potentially deliver a megabit chip and/or a corporate transaction during 2021.

As such, the Company now proposes to start fabrication of two sets of wafers in Q3 2020 on imec production equipment. Development partner imec will manufacture one lot of twenty-three (23) Non-Platform Wafers (**Second Non-Platform Lot**) and one lot of twelve (12) Platform Wafers (**Second Platform Lot**).

The manufacture of these two lots of wafers is a priority for imec.

Second Non-Platform Lot

The Company is defining the process conditions for each of these 23 wafers in collaboration with its partners. These wafers are less complex, faster to fabricate, and easier to test than Platform Wafers, yet can provide valuable input on which process conditions exhibit the biggest improvements in speed, endurance and retention.

Second Platform Lot

Testing process integration in incremental steps is important to define refinements which are needed to reach the Company's goal of manufacturing a fully functional megabit chip with Storage Class Memory characteristics.

The objective of the Initial Platform Lot was to test the integration of dense memory arrays without the complexity of transistors. 4DS validated the integration process, and recent meetings and discussions have identified process steps and conditions that are designed to benefit the fabrication of the Second Platform Lot.

Significantly, the outcome of development discussions is that the Second Platform Lot will be fabricated to contain dense memory arrays with transistors that are able to select memory cells.

This is a major strategic decision to better ensure success in 2021 when, based on the results of this Second Platform Lot, 4DS and its partners will potentially progress to fabricate wafers with all the control logic necessary to read and write selected bits and bytes, and therefore be able to operate as a fully functional megabit memory.

Both lots of wafers will be fabricated with variations of the process conditions from the best wafer in the Additional Wafers Lot, which had exhibited the biggest improvements in speed and endurance in the Company's history.

Timing

The fabrication of both lots of wafers will commence in Q3 2020. Barring any unforeseen equipment problems or new COVID-19 government ordinances, the Second Non-Platform wafers should be available for analysis in mid to late Q4 2020. Due to fabrication complexities related to the inclusion of transistors in the Second Platform Lot, the wafers from the Second Platform Lot are expected to be available for testing in early Q1 2021.

The results from both wafer lots will define the Company's 2021 strategic development plan to achieve its goal of fabrication of a megabit chip and/or a corporate transaction.

Environmental Regulation and Performance

The Company aims to comply with the identified regulatory requirements in each jurisdiction in which it operates. There have been no known material breaches of the environmental regulations.

Share Options

Unissued shares

At the date of this report, the unissued ordinary shares of 4DS under option are as follows

Grant Date	Expiry Date	Exercise Price	Number under option
30 October 2017	27 October 2022	$0.042	28,275,000
22 January 2018	27 October 2022	$0.042	14,000,000
22 January 2019	22 January 2024	$0.052	8,900,000
6 May 2019	22 January 2024	$0.052	16,880,000
29 Nov 2018	28 Aug 2024	$0.052	2,600,000
			70,655,000

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate.

Shares issued as a result of the exercise of options

During the financial year ended 30 June 2020, 4,625,000 shares were issued from the exercise of options.

Indemnification and Insurance of Directors, Officers and Auditors

Indemnification

The Company indemnifies each of its Directors, Officers and Company Secretary. The Company indemnifies each Director or Officer to the maximum extent permitted by the Corporations Act 2001 from liability to third parties, except where the liability arises out of conduct involving lack of good faith, and in defending legal and administrative proceedings and applications for such proceedings.

The Company must use its best endeavours to insure a Director or Officer against any liability, which does not arise out of conduct constituting a wilful breach of duty or a contravention of the Corporations Act 2001. The Company must also use its best endeavours to insure a Director or Officer against liability for costs and expenses incurred in defending proceedings whether civil or criminal.

The Company has not entered into any agreement with its current auditors indemnifying them against any claims by third parties arising from their report on the financial report.

Insurance premiums

During the year the Company paid insurance premiums to insure Directors and Officers against certain liabilities arising out of their conduct while acting as an Officer of the Group. Under the terms and conditions of the insurance contract, the nature of the liabilities insured against and the premium paid cannot be disclosed.

Meetings of Directors

The number of formal meetings of Directors (including committees of Directors) held during the year and the number of meetings attended by each Director was as follows:

	DIRECTORS' MEETINGS Number eligible to attend	Number attended
Mr James Dorrian	9	9
Dr Guido Arnout	11	11
Mr Howard Digby	11	11
Mr David McAuliffe	11	11

Proceedings on Behalf of Company

No person has applied for leave of Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company or to 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.

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

Non Audit Services

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed below did not compromise the external auditors' independence for the following reasons:

- All non-audit services are reviewed and approved by the Directors prior to commencement to ensure they do not adversely affect the integrity and objectivity of the audit; and
- The nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees to PKF Perth were recognised for non-audit services provided during the year ended 30 June 2020.

Taxation compliance and advice services	$7,300
	$7,300

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2020 has been received and can be found on page 18.

Remuneration Report (Audited)

This Remuneration Report outlines the Director and Executive remuneration arrangements of the Company and the Group in accordance with the requirements of the *Corporations Act 2001* and its Regulations. For the purposes of this report Key Management Personnel (KMP) of the Group are defined as those persons having the authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any Director (whether executive or otherwise) of the parent company.

Remuneration Policy
The Company has adopted a remuneration policy designed to align individual and team reward and encourage Executives to perform to their full capacity.

Remuneration packages may contain any or all of the following:

a) annual salary base with provision to recognise the value of the individuals' personal performance and their ability and experience;
b) rewards, bonuses, commissions, special payments and other measures available to reward individuals and teams following a particular outstanding business contribution;
c) share participation - the Company proposes to put in place an equity incentive plan; and
d) other benefits, such as holiday leave, sickness benefits, superannuation payments and long service benefits.

The Board will determine the appropriate level and structure of remuneration of the executive team and such consideration will occur each year on the recommendation of the CEO and Managing Director.

Remuneration of Executives and Non-Executives will be reviewed annually by the Board.

Remuneration structure
In accordance with best practice corporate governance, the structure of Non-Executive Director and Executive remuneration is separate and distinct.

Non-Executive Director remuneration

Objective
The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain Directors to the highest calibre, whilst incurring a cost which is acceptable to shareholders.

Structure
The Constitution and the ASX Listing Rules specify that the aggregate Directors' fees payable to Non-Executive Directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the Directors as agreed. Shareholders have approved aggregate Directors' fees payable of $300,000 per year.

The amount of aggregate Directors' fees sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually. The Board may consider advice from external consultants as well as the fees paid to Non-Executive Directors of comparable companies when undertaking the annual review process.

Each Non-Executive Director receives a fee for being a Director of the Company. However, if a Director performs extra or special services beyond their role as a Director, the Board may resolve to provide additional remuneration for such services.

Fees for Directors are not linked to the performance of the Group however, to align all Directors' interests with shareholder interests, Directors are encouraged to hold shares in the Company and may receive options. This effectively links Directors' performance to the share price performance and therefore to the interests of shareholders. For this reason, there are no performance conditions prior to grant, but instead an incentive to increase the value to all shareholders.

Remuneration Report (Audited)

Executive Remuneration

Objective
The Company aims to reward Executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company and so as to:

- Reward Executives for Company performance;
- Align the interest of Executives with those of shareholders;
- Link reward with the strategic goals and performance of the Company; and
- Ensure total remuneration is competitive by market standards.

Structure
Executive remuneration may consist of both fixed and variable elements.

Fixed Remuneration

Objective
The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market.

Fixed remuneration is reviewed annually or upon renewal of fixed term contracts by the Board and the process consists of a review of Company and individual performance, relevant comparative remuneration in the market and internal policies and practices.

Executives are given the opportunity to receive their fixed remuneration in a variety of forms including cash and fringe benefits. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Company.

Variable Remuneration

Objective
Variable remuneration may be provided into reward Executives in a manner which aligns this element of remuneration with the creation of shareholder wealth.

Employment Contracts

Dr Guido Arnout, CEO and Managing Director:
Dr Arnout is subject to an employment contract with the following conditions:

- remuneration salary of US$294,000 per annum
- entitlement to be reimbursed for all reasonable out-of-pocket expenses necessarily incurred in the performance of his duties and
- remuneration reviewed annually on each review date or at any other time as the Board may determine (in its absolute discretion)

Termination conditions are as follows:
- six months written notice or pay the Executive six months and
- six months termination pay in the event of a Change of Control

Remuneration Report (Audited)

Employment Contracts

Mr David McAuliffe, Executive Director:

Mr McAuliffe is subject to an employment contract with the following conditions:

- remuneration salary of $200,000 per annum plus statutory superannuation
- an equity package to be determined by the Board (subject to shareholder approval)
- performance bonuses (if any) as may be approved by the Board from time to time
- entitlement to be reimbursed for all reasonable out-of-pocket expenses necessarily incurred in the performance of his duties and
- remuneration reviewed annually on each review date or at any other time as the Board may determine (in its absolute discretion)

Termination of employment can be provided by the Company with three months written notice or by the Executive with three months written notice. The notice period can be waived if there is sufficient cause.

Mr Michael Van Buskirk, Chief Engineering Officer:

Mr Buskirk is subject to an employment contract with the following conditions:

- remuneration salary of US$264,000 per annum
- provision with both a Health and Dental Plan
- participation in any employee incentive scheme
- entitlement to be reimbursed for all reasonable out-of-pocket expenses necessarily incurred in the performance of his duties and
- remuneration reviewed annually on each review date or at any other time as the Board may determine (in its absolute discretion)

Termination of employment can be provided by the Company with three months written notice or by the employee with three months written notice. The notice period can be waived if there is sufficient cause.

Mr Seshubabu Desu, Chief Technology Officer:

Mr Desu is subject to an employment contract with the following conditions:

- remuneration salary of US$200,000 per annum, effectively from 1 September remuneration salary of US$208,000 per annum
- provision with both a Health and Dental Plan
- participation in any employee incentive scheme
- entitlement to be reimbursed for all reasonable out-of-pocket expenses necessarily incurred in the performance of his duties and
- remuneration reviewed annually on each review date or at any other time as the Board may determine (in its absolute discretion)

Termination of employment can be provided by the Company with three months written notice or by the employee with three months written notice. The notice period can be waived if there is sufficient cause.

Remuneration Report (Audited)

Key Management Personnel Remuneration

The following table of benefits and payment details, in respect to the financial year, the components of remuneration for each member of KMP of the Group and is prepared on the following bases:

Table 1: Remuneration for the year ended to 30 June 2020

	Short Term Salary, Fees & Commissions	Other	Termination benefits	Post-Employment Superannuation	Share Based Payment Options[1]	Total	Performance based remuneration
Executive Director							
Dr Guido Arnout[2]	364,889	-	-	-	159,507	524,396	-
Mr David McAuliffe	150,000	-	-	14,250	147,195	311,445	-
Non-Executive Director							
Mr James Dorrian	30,000	-	-	-	26,285	56,285	-
Mr Howard Digby	22,500	-	-	-	26,285	48,785	-
Other key management personnel							
Mr Michael Van Buskirk[2]	331,546	-	-	-	114,082	445,628	-
Mr Seshubabu Desu[2]	260,415	-	-	-	35,929	296,344	-
Total	**1,159,350**	**-**	**-**	**14,250**	**509,283**	**1,682,883**	-

Table 2: Remuneration for the year ended to 30 June 2019

	Short Term Salary, Fees & Commissions	Other	Terminatio n benefits	Post-Employment Superannuation	Share Based Payment Options	Total	Performance based remuneration
Executive Director							
Dr Guido Arnout[2]	394,867	-	-	-	302,969	697,836	-
Mr David McAuliffe	162,500	50,000[3]	-	21,612	420,814	654,926	7.63%
Non-Executive Director							
Mr James Dorrian	40,000	-	-	-	14,976	54,976	-
Mr Howard Digby	30,000	-	-	-	14,976	44,976	-
Other key management personnel							
Mr Michael Van Buskirk[2]	352,881	-	-	-	67,883	420,764	-
Mr Seshubabu Desu	282,156	-	-	-	60,737	342,893	-
Total	**1,262,404**	**50,000**	**-**	**21,612**	**882,355**	**2,216,371**	

[1] Employee options were issued in the financial year which are not performance related..
[2] Conversion to AUD of US equivalent.
[3] A bonus paid for successfully completed capital raisings undertaken by the Company in years 2017 and 2018.

Remuneration Report (Audited)

Table 1: Option holdings of Key Management Personnel for the year ended to 30 June 2020

30 June 2020	Balance at beginning of year	Granted as remuner-ation	Options exercised	Net change other	Balance at end of year	Vested at 30 June 2020 Exercisable	Not Exercis-able
Executive Director							
Dr Guido Arnout	57,838,333	-	-	(36,458,333)	21,380,000	17,690,000	3,690,000
Mr David McAuliffe	7,000,000	-	-	-	7,000,000	6,375,000	625,000
Non-Executive Director							
Mr James Dorrian	1,250,000	-	-	-	1,250,000	625,000	625,000
Mr Howard Digby	1,250,000	-	-	-	1,250,000	625,000	625,000
Other key management personnel							
Mr Michael Van Buskirk	14,500,000	-	-	-	14,500,000	12,000,000	2,500,000
Mr Seshubabu Desu	8,500,000	1,300,000[1]	-	-	9,800,000	8,890,000	910,000
Total	**90,338,333**	**1,300,000**	**-**	**(36,458,333)**	**55,180,000**	**46,205,000**	**8,975,000**

Table 2: Option holdings of Key Management Personnel for the year ended to 30 June 2019

30 June 2019	Balance at beginning of year	Granted as remuner-ation	Options exercised	Net change other	Balance at end of year	Vested at 30 June 2019 Exercisable	Not Exercis-able
Executive Director							
Dr Guido Arnout	50,458,333	7,380,000	-	-	57,838,333	49,796,333	8,042,000
Mr David McAuliffe	-	7,000,000	-	-	7,000,000	5,875,000	1,125,000
Non-Executive Director							
Mr James Dorrian	-	1,250,000	-	-	1,250,000	125,000	1,125,000
Mr Howard Digby	-	1,250,000	-	-	1,250,000	125,000	1,125,000
Other key management personnel							
Mr Michael Van Buskirk	9,500,000	5,000,000	-	-	14,500,000	9,440,000	5,060,000
Mr Seshubabu Desu	8,500,000	-	-	-	8,500,000	7,650,000	850,000
Total	**68,458,333**	**21,880,000**	**-**	**-**	**90,338,333**	**73,011,333**	**17,327,000**

[1] Employee options were issued in the financial year which are not performance related.

Remuneration Report (Audited)

Share holdings of Key Management Personnel

30 June 2020	Balance 1 July 2019	Granted as remuneration	On exercise of options	On conversion of performance share	Net change other	Balance 30 June 2020
Executive Director						
Dr Guido Arnout	3,030,053	-	-	-	-	3,030,053
Mr David McAuliffe	13,077,394	245,901[1]	-	-	-	13,323,295
Non-Executive Director						
Mr James Dorrian	52,128,094	655,737[2]	-	-	-	52,783,831
Mr Howard Digby	5,777,172	-	-	-	-	5,777,172
Other key management personnel						
Mr Michael Van Buskirk	1,145,852	-	-	-	-	1,145,852
Mr Seshubabu Desu	658,984	-	-	-	-	658,984
Total	**75,817,549**	**901,638**	**-**	**-**	**-**	**76,719,187**

30 June 2019	Balance 1 July 2018	Granted as remuneration	On exercise of options	On conversion of performance share	Net change other	Balance 30 June 2019
Executive Director						
Dr Guido Arnout	1,918,942	-	-	-	1,111,111	3,030,053
Mr David McAuliffe	12,026,474	495,365	-	-	555,555	13,077,394
Non-Executive Director						
Mr James Dorrian	50,086,751	930,232			1,111,111	52,128,094
Mr Howard Digby	4,554,950	1,222,222	-	-	-	5,777,172
Other key management personnel						
Mr Michael Van Buskirk	1,145,852	-	-	-	-	1,145,852
Mr Seshubabu Desu	658,984	-	-	-	-	658,984
Total	**70,391,953**	**2,647,819**			**2,777,777**	**75,817,549**

Performance Share holdings of Key Management Personnel
For the year ended 30 June 2020 and 30 June 2019 the Performance Shareholdings balances of key management personnel were nil.

Loans to Key Management Personnel
There are no loans between the entity and Key Management Personnel.

Employee Share Acquisition Plan
There were no equity issues under the Company's Employee Share Acquisition Plan during the financial year.

[1] 245,901 fully paid ordinary shares at $0.061 to David McAuliffe in satisfaction of salary accrued from 1 July 2018 until 31 December 2018 (being a total of $15,000) as per shareholders' approval on 29 November 2019.

[2] 655,737 fully paid ordinary shares at $0.061 in satisfaction of the Director's fees owed to Mr. James Dorrian from 1 July 2018 until 30 June 2019 (being a total of $40,000) as per shareholders' approval on 29 November 2019.

Remuneration Report (Audited)

Principles of Compensation
The remuneration policy has been tailored to increase goal congruence between shareholders, Directors and Executives by the issue of options to the Directors to encourage the alignment of personal and shareholder interests.

The Company believes this policy will be effective in increasing shareholder wealth.

Voting of shareholders at last year's annual general meeting
4DS Memory Limited received more than 90% of "yes" votes on its remuneration report for the 2019 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

Signed in accordance with a resolution of the Directors.

Dr Guido Arnout
Managing Director
31 August 2020

AUDITOR'S INDEPENDENCE DECLARATION

TO THE DIRECTORS OF 4DS MEMORY LIMITED

In relation to our audit of the financial report of 4DS Memory Limited for the year ended 30 June 2020, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

PKF Perth

PKF PERTH

SHANE CROSS
PARTNER

31 AUGUST 2020
WEST PERTH
WESTERN AUSTRALIA

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2020

	Note	2020 $	2019 $
Revenue and other income	2	33,511	17,774
Directors fees	3	(52,500)	(70,000)
Employee benefits expense	3	(181,103)	(246,071)
Interest on lease liabilities		(14,719)	-
Travel and accommodation		(84,086)	(120,964)
Rent and utilities	3	(104,977)	(144,173)
Research and development	3	(3,781,280)	(3,418,221)
Legal and professional fees		(201,222)	(311,033)
Share based payments	15	(633,350)	(1,091,054)
Depreciation and amortisation expense		(176,471)	(123,250)
Impairment of asset		-	(23,332)
Unrealised / realised foreign exchange		27,096	38,863
Other expenses		(300,175)	(291,204)
Loss before income tax		(5,469,276)	(5,782,665)
Income tax expense	4	-	-
Loss for the year after income tax		**(5,469,276)**	**(5,782,665)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation (net of tax)		36,409	15,054
Total comprehensive loss for the year		**(5,432,867)**	**(5,767,611)**
Basic and diluted loss per share (dollars per share)	5	(0.0048)	(0.006)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Note	2020 $	2019 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	2,509,785	2,167,613
Trade and other receivables	8	5,478	5,868
Prepayments		49,677	47,289
TOTAL CURRENT ASSETS		2,564,940	2,220,770
NON-CURRENT ASSETS			
Plant and equipment	9	216,763	318,162
Right-of-use asset	12	371,069	-
TOTAL NON-CURRENT ASSETS		587,832	318,162
TOTAL ASSETS		**3,152,772**	**2,538,932**
CURRENT LIABILITIES			
Trade and other payables	10	935,715	121,294
Provisions	11	26,111	14,236
Other current liabilities	13	191,543	-
Lease liabilities	12	99,506	-
TOTAL CURRENT LIABILITIES		1,252,875	135,530
NON-CURRENT LIABILITIES			
Lease liabilities	12	283,190	-
TOTAL NON-CURRENT LIABILITIES		283,190	-
TOTAL LIABILITIES		**1,536,065**	**135,530**
NET ASSETS		**1,616,707**	**2,403,402**
EQUITY			
Issued capital	14(a)	40,086,985	36,025,887
Reserves	14(d)	3,200,428	4,066,248
Accumulated losses		(41,670,706)	(37,688,733)
TOTAL EQUITY		**1,616,707**	**2,403,402**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2020

	Issued Capital $	Accumulated Losses $	Share Based Payment Reserve $	Foreign Exchange Reserve $	Total $
Balance at 1 July 2018	**31,836,715**	**(31,906,068)**	**3,332,080**	**(87,885)**	**3,174,842**
Total Comprehensive Income					
Loss attributable to members	-	(5,782,665)	-	-	(5,782,665)
Foreign currency translation of subsidiary	-	-	-	15,054	15,054
Total comprehensive loss for the period	-	(5,782,665)	-	15,054	(5,767,611)
Transactions with owners in their capacity as owners:					
Issue of share capital net of costs	3,038,816	-	-	-	3,038,816
Share-based payment advisor options	-	-	21,032	-	21,032
Issue of employee options	-		1,070,022	-	1,070,022
Issue of shares on exercise of options	1,034,055	-	(284,055)	-	750,000
Issue of shares in lieu of Director fees	95,000	-	-	-	95,000
Issue of shares in lieu of Salary	21,301	-	-	-	21,301
Balance at 30 June 2019	**36,025,887**	**(37,688,733)**	**4,139,079**	**(72,831)**	**2,403,402**

	Issued Capital $	Accumulated Losses $	Share Based Payment Reserve $	Foreign Exchange Reserve $	Total $
Balance at 1 July 2019	**36,025,887**	**(37,688,733)**	**4,139,079**	**(72,831)**	**2,403,402**
Total Comprehensive Income					
Loss attributable to members	-	(5,469,276)	-	-	(5,469,276)
Foreign currency translation of subsidiary	-	-	-	36,409	36,409
Total comprehensive loss for the period	-	(5,469,276)	-	36,409	(5,432,867)
Transactions with owners in their capacity as owners:					
Issue of share capital net of costs	3,726,572	-	-	-	3,726,572
Issue of employee options	-	-	633,350	-	633,350
Issue of shares on exercise of options	279,526	-	(48,276)	-	231,250
Issue of shares in lieu of Director fees	40,000	-	-	-	40,000
Issue of shares in lieu of Salary	15,000	-	-	-	15,000
Options lapsed	-	1,487,303	(1,487,303)	-	-
Balance at 30 June 2020	**40,086,985**	**(41,670,706)**	**3,236,850**	**(36,422)**	**1,616,707**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2020

	Note	2020	2019
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(715,653)	(987,710)
Payments for research and development		(3,069,869)	(3,540,995)
Interest received		11,090	17,588
Interest paid		(14,884)	-
Insurance recovery relating to PPE		22,419	-
Net cash used in operating activities	7 (b)	**(3,766,897)**	**(4,511,117)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		(10,861)	(96,029)
Net cash used in investing activities		**(10,861)**	**(96,029)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares and options		4,000,000	3,276,250
Payment of capital raising costs		(273,428)	(237,434)
Issue of shares on exercise of options		231,250	750,000
Proceeds from PPP loan		191,543	-
Principal elements of lease payments		(49,651)	-
Net cash from financing activities		**4,099,714**	**3,788,816**
Net increase/ (decrease) in cash and cash equivalents		**321,956**	**(818,330)**
Cash and cash equivalents at the beginning of the financial year		2,167,613	2,932,232
Foreign Exchange		20,216	53,711
Cash and cash equivalents at the end of the financial year	7 (a)	**2,509,785**	**2,167,613**

The accompanying notes form part of these financial statements.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

These are the consolidated financial statements and notes of the Company and controlled entities. 4DS is a company limited by shares, domiciled and incorporated in Australia.

The separate financial statements of 4DS, as the parent entity, have not been presented with this financial report as permitted by the *Corporations Act 2001 (Cth).*

The financial statements were authorised for issued on 31 August 2020 in accordance with a resolution by the Directors of the Company. The Directors have the power to amend and reissue the financial statements.

a. Basis of Preparation

Statement of Compliance

The financial report is a general-purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements as issued by the Australian Accounting Standards Board and the Corporations Act 2001, as appropriate for "for-profit" oriented entities. The consolidated financial report of the Group complies with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency.

b. Critical Accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial statements 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.

i. Impairment - General

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

ii. Share Based Payments

The grant date fair value of share-based payment is recognised as an expense with a corresponding increase in equity, over the period that the recipient unconditionally become entitled to the awards.

The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that, the amount ultimately recognised as an expense is based on the number of awards that do not meet the related service and non-market performance conditions at the vesting date.

The Company follows the guidelines of AASB 2 'Share-based payments' and takes into account all performance conditions and estimates the probability and expected timing of achieving these performance conditions. Accordingly, the expense recognised over the vesting period may vary based upon information available and estimates made at each reporting period, until the expiry of the vesting period.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

During the year, the Company engaged an external expert to perform share based payment valuations. See note 15 for valuation assumptions and inputs.

iii. Research and Development Costs

All research and development costs during the year have been expensed. The research and development costs have not been recognised as intangible assets as they did not meet the criteria as set out in policy at note 1(k).

iv. Lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an option, or not exercise option a termination option. Extension options (or period after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

v. Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavorably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

c. Principles of Consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements and
- The Group's voting rights and potential voting rights

The Group re-assesses 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. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c. Principles of Consolidation (Continued)

A change in ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary
- De-recognises the carrying amount of any non-controlling interests
- De-recognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investments retained
- Recognises any surplus or deficit in profit and loss
- Reclassifies the parent’s share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

On 9 December 2015, 4DS Memory Limited (formerly Fitzroy Resources Limited), the legal parent, completed the acquisition of 4D-S Pty Limited (“4D-S”). 4D-S (the legal subsidiary) was deemed to be the acquirer for accounting purposes as it had obtained control over the operations of the legal acquirer 4DS Memory (accounting subsidiary). Accordingly, the consolidated financial statements of 4DS Memory were prepared as a continuation of the financial statements of 4D-S. 4D-S (as the accounting acquirer) accounted for the acquisition of 4DS Memory from 9 December 2015.

d. Income Tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future.

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 recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle simultaneously.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e. Going Concern

The financial report has been prepared on a going concern basis. In arriving at this position, the Directors have had regard to the fact that the Company has, or in the Directors' opinion will have access to, sufficient cash to fund administrative and other committed expenditure for a period of not less than 12 months from the date of this report.

f. Foreign currency transactions and balances

Functional and presentation currency

The functional currency of each entity within the Group is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the profit or loss.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive Income; otherwise the exchange difference is recognised in profit or loss.

Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting period
- income and expenses are translated at average exchange rates for the period and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. These differences are recognised in the profit or loss in the period in which the operation is disposed of.

g. Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g. Property, Plant and Equipment (Continued)

Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

h. Depreciation

The depreciable amount of all fixed assets is depreciated on a diminishing value basis over the asset's useful life to the Consolidated Entity commencing from the time the asset is held ready for use.
The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	30%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive loss. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

i. Financial Instruments

Initial recognition and measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Classification and subsequent measurement

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. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the assets or liability, assuming the market participants acts in their economic best interests.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i. Financial Instruments (Continued)

i. Loans and receivables

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. All other loans and receivables are classified as non-current assets.

ii. Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit and loss through the amortisation process and when the financial liability is derecognised.

Derivative instruments

The Group does not trade or hold derivatives.

Financial guarantees

The Group has no material financial guarantees.

Impairment

The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12 month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flow expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset.

Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j. Impairment of Non-Financial Assets

At the end of each reporting date, the Directors assess whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information, including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits.

If any such indication exists, an impairment test is carried out on the asset by comparing the asset's recoverable amount, being the higher of its fair value less costs to sell and its value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

k. Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development
- The ability to use the intangible asset generated

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

l. Employee Benefits

i. Wages, salaries and annual leave

Liabilities for wages, salaries and annual leave expected to be settled within one year of the reporting date are recognised in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

ii. Superannuation

Contributions are made by the Consolidated Entity to superannuation funds as stipulated by statutory requirements and are charged as expenses when incurred.

iii. Employee benefit on costs

Employee benefit on costs, including payroll tax, are recognised and included in employee benefits liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

iv. Options

The fair value of options granted is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date.

The fair value at grant date is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l. Employee Benefits (Continued)

v. *Equity-settled Compensation*
The Group operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black–Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

m. Cash and Cash Equivalents

Cash in the statement of financial position comprises cash at bank.
For the purposes of the statement of cash flow, cash and cash equivalents consist of cash and cash equivalents as defined above.

n. Revenue and other Income

i. *Interest*
Interest revenue is recognised as it accrues.
ii. *Other revenue*
Other revenue is recognised when it is received or when the right to receive payment is established.

o. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

p. Trade and other Receivables

Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment is raised when some doubt as to collection exists.

q. Trade and other Payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of consideration to be paid in the future for goods and services received, whether or not billed to the Company.

Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an accrual basis.

r. Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

r. Leases (Continued)

Group as a lessee
Operating lease payments, where substantially all the risk and benefits remain with the lessor, are recognised as an expense in the statement of profit or loss and other comprehensive income on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

From 1 January 2019, leases are recognised as a right-of-use asset and corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payment that are based on an index or a rate
- Amount expected to be payable by the lessee under residual value guarantees
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- Payments of penalties for termination the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use of assets are measured at cost comprising the following:
- The amount of the initial measurement of lease liability
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs
- Restoration cost

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases have a lease term of 12 months or less. Low-value assets comprise IT equipment and office furniture.

s. Operating Segments

Operating segments are identified, and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the Group's chief operating decision maker which, for the Group, is the Board of Directors. In this regard, such information is provided using similar measures to those used in preparing the statement of profit or loss and other comprehensive income and statement of financial position.

t. Earnings Per Share

i. *Basic earnings per share*
Basic earnings per share is determined by dividing the net loss after income tax attributable to members of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

t. Earnings Per Share (Continued)

ii. Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

u. Contributed Equity

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. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

Shares issued by the Company to a trust the Group controls are shown as a reduction in equity. Administration expenses of the trust are expensed to the statement of profit or loss and other comprehensive income.

Where any controlled entity purchases the Company's equity share capital as treasury shares, the consideration paid is deducted from equity attributable to the Company's equity holders until those shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable increment transactions costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

v. Adoption of new and revised accounting standards

The Group leases office space. Rental contract is typically made for a fixed period of 4 years, with extension options available on the office lease. Lease terms are negotiated on an individual basis and contain a range of terms and conditions. The rental contract was renewed with the lease starting from December 2019 and a month rental waiver was granted.

Until the 2019 financial year, leases were classified as operating leases. Payments made under the Group's operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right of use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed lease payments (including in-substance fixed payments), less any lease incentive receivable.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right of use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

v. Adoption of new and revised accounting standards (Continued)

- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs
- Restoration costs

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets may comprise IT-equipment and small items of office furniture.

Impact of the New Accounting Policy on Amounts Recognised in the Financial Statements

The change in accounting policy affected the following items in the statement of financial position on 1 July 2019:

- Lease liabilities – increased by $382,695
- Right of use assets – increased by $371,069

The net impact on accumulated losses on 1 July 2019 was nil.

Impact on the statement of cash flows

The application of AASB 16 has an impact on the consolidated statement of cash flows of the Group.

Under AASB 16, leases must present:

- Short-term lease payments, payments of leases of low-value assets and variable lease payments not included in the measurement of the lease liabilities as part of the operating activities (the Group has included these payments as part of payments to suppliers and employees)
- Cash paid for the interest portion of lease liabilities as either operating activities or financing activities as permitted by AASB 107 Statement of Cash Flows (The Group has opted to include interest paid as part of operating activities)
- Cash payments for principal portion of leases liabilities, as part of financing activities

Impact on segment disclosures and earnings per share

The adoption of AASB 16 had no impact on the Group's segment disclosures.
The adoption of AASB 16 did not have significant impact on the Company's earnings per shares.

Lease liabilities

The lease liability of $382,695 recognised at 30 June 2020 is comprised of minimum lease payments over the lease contract.

The value of the right of use asset at 30 June 2020 has been determined solely with direct reference to the lease liability value at the same date. There are no leases with initial direct costs or removal and restoration costs requiring an adjustment to the value of the right of use asset.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

w. Adoption of new and revised accounting standards (Continued)

Right of use assets

Right of use assets are subsequently measured using the cost model, that is, right of use asset less accumulated amortisation and accumulated impairment losses, adjusted for any remeasurements. Leases are to be remeasured upon occurrence of any of the following events:

- Change in original assessment of lease term or purchase/termination options
- Change in estimate of residual guarantee
- Change in index or rate affecting payments

Practical expedients applied

In applying AASB 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease

The Group has also elected not to reassess whether a contract is, or contains a lease, at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying AASB 117 and Interpretation 4 Determining whether an Arrangement contains a Lease.

	30 June 2020	30 June 2019
	$	$
2. REVENUE AND OTHER INCOME		
Interest revenue	11,091	17,774
Other Income – Insurance recovery on PPE	22,420	-
		-
Revenue and Other Income	33,511	17,774

3. LOSS FOR THE YEAR

Loss before income tax from continuing operations includes the following specific expenses:

	30 June 2020	30 June 2019
- Director fees (cash settled)	12,500	10,000
- Director fees (accrued)	40,000	60,000
Directors fees	52,500	70,000
- Salary and wages (cash settled)	161,875	153,229
- Salary and wages (equity settled)[1]	-	15,000
- Bonus (cash settled)	-	50,000
- Superannuation (cash settled)	14,250	21,612
- Worker Compensation Insurance	4,978	6,230
Employee benefits expense	181,103	246,071
- Office rent	50,080	116,219
- Utilities	54,897	27,954
Rent and utilities	104,977	144,173
- Lease expense	-	(12,914)
- Consultants	319,945	419,233
- Salary and wages	1,660,665	1,592,439
- R&D partner	1,470,365	1,273,357
- Other research expenses	330,305	146,106
Research and development	3,781,280	3,418,221

[1] Mr McAuliffe elected for partial salary to be settled in equity, subject to shareholder approval.

4. INCOME TAX

	30 June 2020 $	30 June 2019 $
The components of tax expense comprise:		
Current tax	-	-
Deferred tax	-	-
	-	-

	30 June 2020 $	30 June 2019 $
The prima facie income tax expense/(benefit) on pre-tax accounting profit/(loss) from operations reconciles to the income tax expense/(benefit) in the financial statements as follows:		
Accounting loss before income tax	(5,469,276)	(5,782,665)
At the Group's statutory income tax rate of 27.5% (2019: 27.5%)	(1,504,051)	(1,590,233)
Add/(Less): tax effect of non-deductible amounts		
Share based payments	174,171	300,040
Provisions and accruals	(5,068)	(6,090)
Other permanent differences	(7,245)	32,775
Unrealised foreign exchange	7,463	(10,687)
Capital raising costs	(66,983)	(56,505)
Other non-deductible amounts	52,417	6,416
Effect of difference in overseas tax rate	(62,442)	(62,505)
Deferred tax balances not recognised	1,411,738	1,386,789
Income tax expense/(benefit)	-	-

4. INCOME TAX (CONTINUED)

	30 June 2020 $	30 June 2019 $
The following deferred tax balances have not been recognised:		
Deferred Tax Assets:		
Carry forward revenue losses	2,954,049	2,274,518
Capital raising costs	155,530	134,262
Other	23,016	16,655
Total Deferred Tax Assets	3,132,595	2,425,435

The tax benefits of the above losses will only be obtained if:

(a) the Consolidated Group derives future assessable income of a nature and of an amount sufficient to enable the benefits

(b) the Consolidated Group complies with the conditions for deductibility imposed by law

(c) no changes in income tax legislation adversely affect the Consolidated Group in utilising the benefits

	30 June 2020 $	30 June 2019 $
Deferred Tax Liabilities:		
Prepayments	10,193	10,347
Unrealised forex gain	7,463	10,687
Total Deferred Tax liabilities	17,656	21,034

The above Deferred Tax Liabilities have not been recognised as they have given rise to the carry-forward revenue losses for which the Deferred Tax Asset has not been recognised.

5. LOSS PER SHARE (EPS)

	30 June 2020	30 June 2019
	$	$
a) Reconciliation of loss to profit and loss		
Loss for the year	(5,469,276)	(5,782,665)
	No.	No.
b) Weighted average number of ordinary shares outstanding during the year used in the calculation of EPS	1,132,865,628	1,020,359,171
c) Loss per share	($0.0048)	($0.006)

d) The Group does not report diluted earnings per share with options on annual losses as it is anti-dilutive in nature.

6. PARENT ENTITY – 4DS MEMORY LIMITED

	30 June 2020	30 June 2019
	$	$
As at 30 June 2020 the legal parent of the Group was 4DS Memory Limited		
Statement of financial position		
Current assets	2,463,100	2,039,211
Non-current assets	195,857	281,162
Total Assets	2,658,957	2,320,373
Current Liabilities	945,454	120,696
Total Liabilities	945,454	120,696
Net Assets	**1,713,503**	**2,199,677**
Shareholders' Equity		
Share Capital	46,673,959	42,612,860
Reserves	3,236,851	4,139,080
Accumulated losses	(48,197,307)	(44,552,263)
Total Shareholders' Equity	1,713,503	2,199,677
Statement of comprehensive income		
Loss for the year	(5,132,346)	(5,670,069)
Other Comprehensive Income	-	-
Total Comprehensive Loss	**(5,132,346)**	**(5,670,069)**

The Parent Company 4DS Memory Limited has no contingent liabilities as at 30 June 2020 and 30 June 2019, other than contingent liabilities in Note 19.

7. CASH AND CASH EQUIVALENTS

	30 June 2020	30 June 2019
	$	$
(a) Total cash and cash equivalents in the Statement of Cash Flows		
Cash at bank	2,509,785	2,167,613
	2,509,785	2,167,613
(b) Reconciliation of net loss after income tax to cash flows used in operations		
Net loss after income tax	(5,469,276)	(5,782,665)
Non-cash adjustments		
Share based payments	633,350	1,091,054
Director fee – equity settled	40,000	95,000
Executive salary – equity settled	15,000	21,301
Realised/ Unrealised movement in foreign currency	(41,739)	(33,285)
Depreciation	176,471	123,250
Impairment of asset	-	23,332
Changes in assets and liabilities		
Decrease/(Increase) in other receivables	553	107
Increase/(Decrease) in trade and other payables and provisions	881,295	(47,081)
Decrease/(Increase) in prepayments	(2,551)	(2,130)
Net cash used in operations	(3,766,897)	(4,511,117)

8. TRADE AND OTHER RECEIVABLES

	30 June 2020	30 June 2019
	$	$
CURRENT		
GST receivable	4,372	4,925
Other receivables	1,106	943
	5,478	5,868

None of the receivables are past due. Receivables are therefore not impaired and are within initial trade terms.

9. PLANT AND EQUIPMENT

	30 June 2020	30 June 2019
	$	$
Plant and equipment – at cost	852,940	831,718
Less: Accumulated depreciation	(612,845)	(490,224)
Less: Provision for impairment	(23,332)	(23,332)
	216,763	318,162

Reconciliations:
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

9. PLANT AND EQUIPMENT (CONTINUED)

Consolidated	Plant and equipment
	$
Balance 30 June 2018	**374,087**
Additions	96,029
Disposals	-
Foreign exchange movements	(28,704)
Depreciation expense	(123,250)
Balance 30 June 2019	**318,162**
Additions	10,861
Disposals	-
Foreign exchange movements	2,934
Depreciation expense	(115,194)
Balance 30 June 2020	**216,763**

10. TRADE AND OTHER PAYABLES

	30 June 2020	30 June 2019
	$	$
CURRENT		
Trade payables and accruals	935,715	121,294

Trade creditors are non-interest bearing and are normally settled on 30-day terms.

11. PROVISIONS

Provision for employee benefits	26,111	14,236

12. LEASES

The right of use asset and lease liabilities have arisen upon adoption of AASB 16 Leases from 1 July 2019.

(i) AASB 16 related amounts recognised in the statement of financial position

	30 June 2020	30 June 2019
	$	**$**
Right of use assets		
Leased buildings:		
Opening balance	-	-
Additions	428,164	-
Depreciation expense	(58,837)	-
Foreign currency exchange	1,742	-
Net carrying amount	371,069	-
Lease liabilities		
Maturity analysis – contractual undiscounted cash flows		
Less than one year	113,147	-
One to five years	324,109	-
More than five years	-	-
Total undiscounted leases liabilities at 30 June 2020	437,256	-
Lease liabilities included in the statement of financial position as at 30 June 2020		
Current	99,506	-
Non-current	283,190	-
Total	382,696	-

(ii) AASB 16 related amounts recognised in the statement of profit or loss

	2020	2019
	$	**$**
Depreciation charge related to right-of-use assets	61,277	-
Interest expense on lease liabilities (under finance cost)	14,719	-
Short-term leases expense	50,080	-
Low-value asset leases expense		-

12. LEASES (CONTINUED)

(iii) AASB 16 related amounts recognised in the statement of cash flows

	2020	2019
	$	$
Total yearly cash outflows for leases	49,651	-

Short-term leases and leases of low-value assets

During the year, the Group had a rental lease of $50,080. The lease expense related to rental leases ended 30 November 2019.

The Group applies the low-value assets recognition exemption to leases of office equipment that are considered low value ($10,000 or less). Lease payments on short-term leases and leases of low-value assets are recognised as expense on straight-line basis over the lease term.

Significant judgment in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group applied judgment in evaluating whether it is reasonable certain to exercise the option to renew, That is, it considered all relevant factors that create an economic incentive to exercise the renewal.

13. BORROWINGS

The United States Small Business Administration (“SBA”) has provided a Paycheck Protection Program (“PPP”) loan as a direct incentive for small business to keep their workers on payroll to helps the business keep their workforce employed during the Coronavirus (“Covid-19”) crisis.

SBA will forgive loans if all employee retention criteria are met and the funds are used for eligible expenses. The loan will be fully forgiven if the funds are used for payroll costs, interest on mortgages, rent and utilities (due to likely high subscription, at least 60% of the forgiven amount must have been used for payroll).

Terms and conditions of the loan as per below:

- PPP loans have an interest rate of 1%
- Loans issued prior to 5th June 2020 have a maturity of 2 years
- Loans issued after 5th June 2020 have a maturity of 5 years
- Loan payments will be deferred for six months
- No collateral or personal guarantees are required
- Neither the government nor lenders will charge small businesses any fees

Loan Forgiveness

Forgiveness is based on the employer maintaining or quickly rehiring employees and maintaining salary levels. Forgiveness will be reduced if full-time headcount declines, or if salaries and wages decrease. The loan forgiveness form and instructions include several measures to reduce compliance burdens and simplify the process for borrowers, including:

13. BORROWINGS (CONTINUED)

- Options for borrowers to calculate payroll costs using an "alternative payroll covered period" that aligns with borrowers' regular payroll cycles
- Flexibility to include eligible payroll and non-payroll expenses paid or incurred during the 24-week period after receiving their PPP loan
- Step-by-step instructions on how to perform the calculations required by the CARES Act to confirm eligibility for loan forgiveness
- Borrower-friendly implementation of statutory exemptions from loan forgiveness reduction based on rehiring by June 30
- Addition of a new exemption from the loan forgiveness reduction for borrowers who have made a good-faith, written offer to rehire workers that was declined

On 11 May 2020, the Company received USD$131,500 PPP loan from SBA, equivalent to AUD$191,543 and an application for loan forgiveness was submitted on 5 July 2020. The fair value of the loan is equivalent to the carrying value of the loan as at 30 June 2020.

14. ISSUED CAPITAL AND RESERVES

(a) Movements in ordinary share capital	2020	2019	2020	2019
	Shares	Shares	$	$
Balance at beginning of year	1,055,017,917	964,564,544	36,025,887	31,836,715
Placement shares	65,000,000	70,027,777	3,250,000	3,151,250
Share Purchase Plan	15,000,000	-	750,000	-
Issued capital – in lieu of Director fees	655,737	2,152,454	40,000	95,000
Issued capital – in lieu of Salary	245,901	495,365	15,000	21,301
Issued capital	-	2,777,777	-	125,000
Exercise of unlisted options	4,625,000	15,000,000	279,526	1,034,055
Capital raising costs	-	-	(273,428)	(237,434)
Balance at end of year	1,140,544,555	1,055,017,917	40,086,985	36,025,887

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back scheme.

Capital risk management

The Consolidated Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. The Consolidated Group does not have any external debt.

In order to maintain or adjust the capital structure, the Consolidated Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

14. ISSUED CAPITAL AND RESERVES (CONTINUED)

(b) Movements in options	2020 Option	2019 Options	2020 $	2019 $
Balance at beginning of year	132,893,333	121,233,333	4,139,079	3,332,080
Options exercised, advisor options	(4,625,000)	(15,000,000)	(48,277)	(284,055)
Options expired	(59,333,333)	-	(1,487,302)	-
Share based payment, employee options	2,600,000	-	633,350	-
Share based payment, employee options	-	25,780,000	-	1,070,022
Share based payment, adviser options	-	880,000	-	21,032
Balance at end of year	71,535,000	132,893,333	3,236,850	4,139,079

	30 June 2020 $	30 June 2019 $
(c) Share based payment reserve		
Balance at beginning of year	4,139,079	3,332,080
Options lapsed during the year	(1,487,302)	-
Share-based payment expense	633,350	1,091,054
Exercised of options	(48,277)	(284,055)
Balance at end of year	3,236,850	4,139,079

The option reserve is used to record the value of share-based payments provided to employees, including Key Management Personnel, as part of their remuneration. Refer to Note 17 for further details.

(d) Foreign exchange translation reserve

Balance at beginning of year	(72,831)	(87,885)
Foreign exchange movement on translation of foreign operations	36,409	15,054
Balance at end of year	(36,422)	(72,831)

The purpose of the foreign exchange translation reserve is to recognise exchange differences arising from the translation of foreign operations to Australian dollars.

Share based payment reserve	3,236,850	4,139,079
Foreign exchange translation reserve	(36,422)	(72,831)
Total reserves	3,200,428	4,066,248

14. ISSUED CAPITAL AND RESERVES (CONTINUED)

(e) Options

Summary of options granted

The following table illustrates the number and weighted average exercise prices of, and movements in, share options issued during the year:

	WAEP	No.
Outstanding at 1 July 2019	0.078	132,893,333
Exercised during the year	(0.015)	(4,625,000)
Expired during the year	(0.052)	(59,333,333)
Granted during the year	0.052	2,600,000
Outstanding at the 30 June 2020	0.063	71,535,000

The following table illustrates the number and weighted average exercise prices of, and movements in, share options issued during the year:

	WAEP	No.
Outstanding at 1 July 2018	0.062	121,233,333
Exercised during the year	(0.028)	(15,000,000)
Granted during the year	0.044	26,660,000
Outstanding at the 30 June 2019	0.078	132,893,333

15. SHARE-BASED PAYMENTS

The following share-based payment arrangements were entered into during the year ended 30 June 2020:

On 22 January 2018, the Company issued 14,000,000 employee incentive options to the CEO and Managing Director. The options exercisable at $0.042 and expiring 27 October 2022 with 30% of the options vesting immediately on grant date and 70% vesting at 10% per quarter commencing 27 January 2018. During the year ended 30 June 2020 a share-based payment expense of $4,321 was recognised.

On 22 January 2018, the Company issued 28,275,000 employee incentive options. The options exercisable at $0.042 and expiring 27 October 2022 with 30% of the options vesting immediately on grant date and 70% vesting at 10% per quarter commencing 27 January 2018. During the year ended 30 June 2020 a share-based payment expense of $4,251 was recognised.

On 22 January 2019, the Company issued 8,900,000 incentive options to its USA based employees and consultants. The options are exercisable at $0.052 each, of which 10% vest on a quarterly basis over ten quarters, with the options expiring on 22 January 2024. During the year ended 30 June 2020 a share-based payment expense of $200,524 was recognised.

On 24 April 2019, the Company issued 16,880,000 incentive options to the Directors as per shareholder approval, on the same terms as the incentive options to employees and consultants, except for the vesting conditions of the options that are to be issued to Mr McAuliffe. Of the 7,000,000 options to be issued to Mr McAuliffe, 5,750,000 will vest immediately upon grant and the balance of 1,250,000 will vest quarterly over ten quarters. During the year ended 30 June 2020 a share-based payment expense of $354,951 was recognised.

On 28 August 2019, the Company issued 2,600,000 incentive options to its USA based employees and consultants. The options are exercisable at $0.052 each, of which 10% vest on a quarterly basis over ten quarters, with the options expiring on 28 August 2024. During the year ended 30 June 2020 a share-based payment expense of $69,303 was recognised.

Fair value of options

The fair value of share options granted have been valued using a Black Scholes Methodology, taking into account the terms and conditions upon which the unlisted share options were granted.

A summary of the inputs used in the valuation of the options is as follows:

Unlisted Share Options	Employee Incentive Options
Exercise price	$0.052
Share price at date of issue	$0.052
Grant date	28 August 2019
Expected volatility	105.86%
Expiry date	28 August 2024
Risk free interest rate	0.70%
Value per option	$0.0399
Number of options	2,600,000
Total value of options	**$103,805**

15. SHARE-BASED PAYMENTS (CONTINUED)

For the year ended 30 June 2020 a share-based payment expense of $633,350 was recognised in line with option vesting periods. The amount included $564,047 recognised as a vesting expense to employee incentive options issued in a prior period.

16. RELATED PARTY DISCLOSURE

(a) Controlled Entities

	Country of Incorporation	% Interest 2020	% Interest 2019
4D-S Pty Limited	Australia	100	100
4DS Inc.	United States of America	100	100
Fitzroy Copper Pty Limited	Australia	100	100
Fitzroy Employee Share Plan Pty Limited	Australia	100	100

(b) Key Management Personnel ("KMP")

Details relating to KMP, including remuneration paid, are included in Note 17 and the audited remuneration report section of the Directors' report.

(c) Transactions with Other Related Parties

Other than the above, there were no transactions with other related parties during the financial year.

17. KEY MANAGEMENT PERSONNEL

	30 June 2020	30 June 2019
Compensation for Key Management Personnel		
Short term employee benefits	1,159,350	1,262,404
Post-employment benefits	14,250	21,612
Equity settled	509,283	882,355
Other payments	-	50,000
Termination benefits	-	-
Total compensation	1,682,883	2,216,371

18. FINANCIAL INSTRUMENTS

Financial Risk Management

The Group's financial instruments consist mainly of deposits with banks equity instruments and accounts receivable and payable. The main purpose of non-derivative financial instruments is to raise finance for the Group's operation. The Group does not speculate in the trading of derivative instruments.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in Note 1.

Specific Financial Risk Exposures and Management

The Group's activities expose it to a variety of financial risks; market risk (including interest rate risk, price risk and foreign currency risk), credit risk and liquidity risk.

i. Market Risk

The Board meets on a regular basis to analyse currency and interest rate exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

ii. ***Interest rate risk***

Exposure to interest rate risk arises on financial assets and liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is also exposed to earnings volatility on floating rate instruments.

Interest rate risk is not material to the Group as no interest-bearing debt arrangements have been entered into.

iii. ***Price risk***

Price risk relates to the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group is exposed to securities price risk on investments classified as available for sale. The investment in listed equities has been valued at the market price prevailing at reporting date. Management of this investment's price risk is by ongoing monitoring of the value with respect to any impairment.

iv. Foreign Exchange Risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group.

With instruments being held by overseas operations, fluctuations in foreign currencies may impact on the Group's financial results. The Group's exposure to foreign exchange risk is monitored by the Board. The majority of the Group's funds are held in Australian and United States dollars.

18. FINANCIAL INSTRUMENTS (CONTINUED)

At 30 June, the Group has financial assets denominated in the foreign currencies detailed below:

	2020		2019	
	Foreign Currency	**AUD Equivalent**	**Foreign Currency**	**AUD Equivalent**
USD	58,392	85,026	$691,219	$984,410

A 5% movement in foreign exchange rates would increase or decrease the loss before tax by $4,251 (2019: $49,220).

At 30 June, the Group has financial liabilities denominated in the foreign currencies detailed below:

	2020		2019	
	Foreign Currency	**AUD Equivalent**	**Foreign Currency**	**AUD Equivalent**
USD	402,599	586,239	$6,950	$9,909

A 5% movement in foreign exchange rates would increase or decrease on the loss before tax by 29,312 (2019: No material movement).

v. Credit Risk

Credit exposure represents the extent of credit related losses that the Group may be subject to on amounts to be received from financial assets. Credit risk arises principally from trade and other receivables. The objective of the Group is to minimise the risk of loss from credit risk. Although revenue from operations is minimal, the Group trades only with creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is insignificant. The Group's maximum credit risk exposure is limited to the carrying value of its financial assets as indicated on the Statement of Financial Position and notes to the financial statements.

The credit quality of the financial assets was high during the year. The table below details the credit quality of the financial assets at the end of the year:

	2020	2019
	$	$
Cash and cash equivalents held at NAB	2,425,021	2,000,738
Cash and cash equivalents held at HSBC	84,764	166,874
Other receivables and deposits	5,478	5,868
	2,515,263	2,173,480

18. FINANCIAL INSTRUMENTS (CONTINUED)

vi. Cash flow and fair value interest rate risk

From time to time the Group has significant interest-bearing assets, but they are as a result of the timing of equity raisings and capital expenditure rather than a reliance on interest income. The interest rate risk arises on the rise and fall of interest rates. The Group's income and operating cash flows are not expected to be materially exposed to changes in market interest rates in the future and the exposure to interest rates is cash and cash equivalents balances and borrowings.

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is below:

	Floating Interest Rate $	Fixed Interest Bearing $	Non-interest bearing $	2020 Total $	Floating Interest Rate $	Non-interest bearing $	2019 Total $
Financial assets							
Cash and cash equivalents	2,509,785	-	-	2,509,785	2,167,613	-	2,167,613
Trade and other receivables	-	-	5,478	5,478	-	5,868	5,868
Total financial assets	2,509,785	-	5,478	2,515,263	2,167,613	5,868	2,173,481
Weighted average interest rate	0.47%				0.07%		
Financial Liabilities							
Trade and other payables	-	-	935,715	935,715	-	121,294	121,294
Other liabilities	-	191,543	-	191,543	-	-	-
Lease liabilities	382,696	-	-	382,696	-	-	-
Total financial liabilities	382,696	191,543	935,715	1,509,954	-	121,294	121,294
Weighted average interest rate	6%	1%					
Net financial assets	2,127,089	(191,543)	(930,237)	1,005,309	2,167,613	(115,426)	2,052,187

The Group currently does not have major funding in place. However, the Group continuously monitors forecasts and actual cash flows and the maturity profiles of financial assets and financial liabilities to manage its liquidity risk.

18. FINANCIAL INSTRUMENTS (CONTINUED)

Net fair value of financial assets and liabilities

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with accounting policies disclosed in Note 1.

vii. Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows.

The Group has no access to credit standby facilities or arrangements for further funding or borrowings in place. The financial liabilities of the Group are confined to trade and other payables as disclosed in the Statement of Financial Position. All trade and other payables are non-interest bearing and due within 12 months of the reporting date.

2020	Interest rate	1 year $	1-2 years $	2-5 years $	Over 5 years $	Total contractual cash flows $	Carrying amount assets/ (liabilities) $
Financial liabilities at amortised cost							
Trade and other payables	N/A	(935,715)	-	-	-	(953,715)	(935,715)
PPP loan	1%	(103,752)	(87,791)	-	-	(191,543)	(191,543)
Lease liabilities							
- Office lease	6%	(99,506)	(110,598)	(172,592)	-	(497,977)	(382,696)
		(1,138,973)	(198,389)	(172,592)	-	(1,643,235)	(1,509,954)

2019	Interest rate	1 year $	1-2 years $	2-5 years $	Over 5 years $	Total contractual cash flows $	Carrying amount assets/ (liabilities) $
Financial liabilities at amortised cost							
Trade and other payables	N/A	(121,294)	-	-	-	(121,294)	(121,294)
		(121,294)	-	-	-	(121,294)	(121,294)

19. CONTINGENT LIABILITIES

The Company completed the winding up of Premier Coking Coal, LLC including surrendering the relevant leases during a previous period and accordingly has no ongoing commitments. However, the Group remains a party to a claim with a third party in relation to a claim on a small portion of the Emmaus property lease above the Gilbert Seam. The Company considers the claim to be immaterial.

The Directors are not aware of any other contingent liabilities as at 30 June 2020.

20. SEGMENT REPORTING

The Company has identified its operating segments based on internal reports reviewed by the Board and management. There was only one operating segment being research and development of Interface Switching ReRAM technology for next generation storage in mobile and cloud.

21. EVENTS AFTER THE REPORTING DATE

On 29 June 2020, the Company announced binding commitments to raise $4.5 million via placement of 100 million shares at $0.045 per share of which the proceeds were received subsequently in July 2020.

On 2 July 2020, the Company announced an invitation to eligible Shareholders to participate in a Share Purchase Plan (SPP).

On 23 July 2020, the Company announced 880,000 unlisted options having an exercise price of $0.045 each expired.

On 28 July 2020, the Company successfully completed its Share Purchase Plan (SPP) at $0.045 per share and raised $3.1 million which will be used to progress the development of 4DS Interface Switching ReRam technology with imec and Western Digital/HGST.

On 4th August 2020, the Company was granted its 24th, 25th and 26th patents in the USA. These patents specifically relate to the operation of the Company's fully owned Interface Switching ReRAM technology required for high-speed Storage Class Memory with read speeds near to DRAM.

The impact of the Coronavirus ('COVID-19') pandemic is ongoing for the Consolidated Group up to 30 June 2020, and therefore it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

There have been no other matters or circumstances that have arisen since 30 June 2020 that have significantly affected or may significantly affect

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

22. AUDITORS REMUNERATION

The auditor of 4DS Memory Limited for the year ended 30 June 2020 is PKF Perth Chartered Accountants	30 June 2020	30 June 2019
Amounts received or due and receivable by PKF Perth for:	$	$
- Audit and review of financial statements	34,160	29,050
- Other services	7,300	7,800
	41,460	36,850

23. COMMITMENTS

Material commitments

The Company entered into an agreement with imec on the 31 October 2017 to develop a transferrable production compatible process flow for its Interface Switching ReRAM technology and to demonstrate this process on imec's megabit test chip. On 31 October 2019, an amendment to the collaboration agreement was signed where both parties agreed to add extra activities to the project and therefore extend the duration of the agreement and additional payment terms.

From 1 January 2020 the Company shall pay imec a total of 1,000,000 Euro, with payments made quarterly until 1 October 2020.

There have been no other significant changes in commitments since the last reporting date other than reported above.

DIRECTORS DECLARATION

The Directors of the Company declare that:

1. the financial statements, notes and additional disclosures included in the Directors' report designated as audited, of the Consolidated Group are in accordance with the *Corporations Act 2001*, including:

   (a) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

   (b) giving a true and fair view of the Company's and Consolidated Group's financial position as at 30 June 2020 and of their performance for the year ended on that date.

2 The financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1(a) (i) to the financial report.

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

4. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended to 30 June 2020.

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

Managing Director
Dr Guido Arnout

31 August 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF 4DS MEMORY LIMITED

Report on the Financial Report

Opinion

We have audited the accompanying financial report of 4DS Memory Limited (the company), 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 comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

In our opinion the financial report of 4DS Memory Limited is in accordance with the Corporations Act 2001, including:

i) 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

ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.

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

Independence

We are independent of the consolidated entity in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. 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 this matter. For the matters below, our description of how our audit addressed each matter is provided in that context.

1. Value of Share Based Payments

Why significant	How our audit addressed the key audit matter

For the year ended 30 June 2020 the value of share based payments expenses totalled $633,350, as disclosed in Note 15. This amount has been expensed.
 	
The consolidated entity's accounting judgement and estimates in respect of share based payments is outlined in Note 1(b). We consider this to be a key audit matter due to significant judgement required in relation to:
 	
• The valuation method used in the model; and
• The assumptions and inputs used within the model.
	Our work included, but was not limited to, the following procedures:
	
	• Reviewed the independent expert's valuations of options issued, including:
	  ○ ensuring the independence of the independent expert;
	  ○ assessing the credentials of the independent expert;
	  ○ assessing the appropriateness of the valuation method used; and
	  ○ assessing the reasonableness of the assumptions and inputs used within the valuation model.
	
	• Reviewed Board meeting minutes and ASX announcements as well as enquired of relevant personnel to ensure all share based payments had been recognised;
	• Assessed the allocation and recognition to ensure reasonable; and
	• Assessed the appropriateness of the related disclosures in Note 14(b), 14(c) and Note 15.

2. Funding and Liquidity

Why significant	How our audit addressed the key audit matter
As detailed in note 1(e), the consolidated entity has recorded a loss before tax from continuing operations of $5,469,276 (2019: $5,782,665) and net cash outflows from operations of $3,766,897 (2019: $4,511,117). The consolidated entity has prepared a forecast which demonstrates that there will be sufficient funding to operate for a period that is not less than twelve months beyond the date that these financial statements are approved. The forecast takes into account the available cash on hand at year-end, combined with the forecast cash flows from operations and capital raised post 30 June 2020. Given the judgement involved in determining the forecast cash flows from operations, we have included	We evaluated the consolidated entity's funding and liquidity position at 30 June 2020 and the ability of the consolidated entity to repay its debts as and when they fall due for a minimum of 12 months from the date of signing the financial report. In order to assess the funding and liquidity position, we: • Reviewed the process undertaken to determine the appropriateness of the going concern basis; • Reviewed the cash flow forecast for the consolidated entity to achieve its future operational and program development needs; and • Obtained external confirmation of the consolidated entity's cash and short-term deposits and sighted subsequent capital raises to supporting documentation.

the funding and liquidity position as a key audit matter.

3. Implementation of AASB 16 Leases

Why significant	How our audit addressed the key audit matter
The 30 June 2020 financial year was the first year of adoption of Australian Accounting Standard AASB 16 *Leases*. The consolidated entity has recognised right of use asset of \$371,068 and lease liability of \$382,695 as at 30 June 2020. AASB 16 replaces the existing standard AASB 117 and specifies how a Company will recognise, measure, present and disclose leases. The Standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The implementation of AASB 16 is considered a key audit matter due to: • the complexity and judgements involved in the application of AASB 16; and • the material adjustment to the entity's assets and liabilities as at 30 June 2020 and 1 July 2019 as a result of the implementation of AASB 16. The modified retrospective approach was applied for the conversion to AASB 16. The comparable figures from the prior year's periods were not adjusted. The consolidated entity has disclosed its adoption of AASB 16, including key judgements, in the note 1 (u) to the consolidated financial statements.	We have evaluated the application of AASB 16 and tested the resulting impact on the consolidated statement of financial position and consolidated statement of profit or Loss and other comprehensive income. We have assessed whether the accounting regarding leases is consistent with the definitions of AASB 16 including factors such as lease term, discount rate and measurement principles. Specifically, our work in this area included: • Discussions with management regarding the first-time adoption methodology and checking calculations on transition, including adjustments to opening balances; • Assessing the integrity of the consolidated entity's AASB 16 lease workings and calculations prepared by management; • Assessing key judgements, including the internal borrowing rate and renewal dates; • For the relevant leases, we agreed the consolidated entity's inputs in the AASB 16 lease calculation model in relation to those leases to the relevant terms of the underlying signed lease agreements; • Substantive testing of capitalised lease calculations and the relevant unwinding of the lease asset and lease liability; and • Assessing the adequacy of the disclosures made by management in the consolidated financial statements.

Other Information

Other Information is financial and non-financial information in the Annual Report of the consolidated entity which is provided in addition to the Financial Report and Auditor's Report. The Directors are responsible for the Other Information in the Annual Report.

The Other Information we obtained prior to the date of this Auditor's Report is the Director's Report. The remaining Other Information, if any, is expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, the auditor does not and will not express as audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information in the Financial Report and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Directors' Responsibilities 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 Note 1(a), the Directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report complies with International Financial Reporting Standards.

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individual or in 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 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 consolidated entity'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 group financial report. We are responsible for the direction, supervision and performance of the group 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

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 4DS Memory Limited for the year ended 30 June 2020, complies with section 300A of the Corporations Act 2001.

Advisory • Audit
Business Solutions

Responsibilities

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

PKF Perth

PKF PERTH

SHANE CROSS
PARTNER

31 AUGUST 2020
WEST PERTH
WESTERN AUSTRALIA

This Corporate Governance Statement is current as at 31 August 2020 and has been approved by the Board of the Company.

This Corporate Governance Statement discloses the extent to which the Company will follow the recommendations set by the ASX Corporate Governance Council in its publication *Corporate Governance Principles and Recommendations 3rd Edition* (Recommendations). The Recommendations are not mandatory, however the Recommendations that will not be followed have been identified and reasons for not following them, along with what (if any) alternative governance practices have been adopted in lieu of the Recommendation. The Company will be reporting against the *Corporate Governance Principles and Recommendations 4th Edition* for the financial year ending 30 June 2021.

The Company has adopted Corporate Governance Policies which provide written terms of reference for the Company's corporate governance practices. The Board of the Company has not yet formed an audit committee, nomination committee, risk management committee or remuneration committee.

The Company's Corporate Governance Policies are available on the Company's website at www.4dsmemory.com.

Principle 1: Lay solid foundations for management and oversight

Roles of the Board & Management

The Board of Directors is responsible for guiding and monitoring the Company on behalf of shareholders by whom they are elected and to whom they are accountable.

The Board is responsible for, and has the authority to determine all matters relating to the strategic direction, policies, practices, establishing goals for management and the operation of the Company. The Managing Director is responsible to the Board for the day-to-day management of the Company.

The principal functions and responsibilities of the Board include, but are not limited to, the following:

- Appointment, evaluation, rewarding and if necessary the removal of the Managing Director (or equivalent), the Company Secretary and senior management personnel
- In conjunction with members of the senior management team, develop corporate objectives, strategies and operations plans and approve and appropriately monitor plans, new investments, major capital and operating expenditures, use of capital, acquisitions, divestitures and major funding activities
- Establishing appropriate levels of delegation to the executive Directors to allow them to manage the business efficiently
- Monitoring actual performance against planned performance expectations and reviewing operating information at a requisite level to understand at all times the financial and operating conditions of the Company
- Monitoring the performance of senior management, including the implementation of strategy and ensuring appropriate resources are available
- Identifying areas of significant business risk and ensure that the Company is appropriately positioned to manage those risks
- Overseeing the management of safety, occupational health and environmental issues
- Satisfying itself that the financial statements of the Company fairly and accurately set out the financial position and financial performance of the Company for the period under review
- Satisfying itself that there are appropriate reporting systems and controls in place to assure the Board that proper operational, financial, compliance, and internal control processes are in place and functioning appropriately
- Ensuring that appropriate internal and external audit arrangements are in place and operating effectively

- Authorising the issue of any shares, options, equity instruments or other securities within the constraints of the Corporations Act and the ASX Listing Rules; and
- Ensuring that the Company acts legally and responsibly on all matters and assuring itself that the Company has adopted, and that its practice is consistent with, a number of guidelines including:
  - Code of Conduct
  - Continuous Disclosure Policy
  - Diversity Policy
  - Performance Evaluation Practices Policy
  - Procedures for Selection and Appointment of Directors
  - Remuneration Policy
  - Risk Management and Internal Compliance and Control Policy
  - Securities Trading Policy and
  - Shareholder Communication Policy

Subject to the specific authorities reserved to the Board under the Board Charter, the Board delegates to the Managing Director responsibility for the management and operation of 4DS. The Managing Director is responsible for the day-to-day operations, financial performance and administration of 4DS within the powers authorised to him from time-to-time by the Board. The Managing Director may make further delegation within the delegations specified by the Board and will be accountable to the Board for the exercise of those delegated powers.

Further details of Board responsibilities, objectives and structure are set out in the Board Charter on the 4DS website.

Board Committees

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of separate committees at this time including audit, risk, remuneration or nomination committees, preferring to manage the Company through the full Board of Directors. The Board assumes the responsibilities normally delegated to the audit, risk, remuneration and nomination Committees.

If the Company's activities increase, in size, scope and nature, the appointment of separate committees will be reviewed by the Board and implemented if appropriate.

Board Appointments

The Company undertakes comprehensive reference checks prior to appointing a Director, or putting that person forward as a candidate to ensure that person is competent, experienced, and would not be impaired in any way from undertaking the duties of Director. The Company provides relevant information to shareholders for their consideration about the attributes of candidates together with whether the Board supports the appointment or re-election.

The terms of the appointment of a non-executive Director, executive Directors and senior executives are agreed upon and set out in writing at the time of appointment.

The Company Secretary

The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board, including agendas, Board papers and minutes, advising the Board and its Committees (as applicable) on governance matters, monitoring that the Board and Committee policies and procedures are followed, communication with regulatory bodies and the ASX and statutory and other filings.

Diversity

The Board has adopted a Diversity Policy which provides a framework for the Company to establish and achieve measurable diversity objectives, including in respect to gender diversity. The Diversity Policy allows the Board to set measurable gender diversity objectives (if considered appropriate) and to assess annually both the objectives (if any have been set) and the Company's progress towards achieving them.

The Board considers that, due to the size, nature and stage of development of the Company, setting measurable objectives for the Diversity Policy at this time is not appropriate. The Board will consider setting measurable objectives as the Company increases in size and complexity.

The participation of women in the Company at the date of this report is as follows:

- Women employees in the Company 0%
- Women in senior management positions 0%
- Women on the Board 0%

The Company's Diversity Policy is available on its website.

Board & Management Performance Review

On an annual basis, the Board conducts a review of its structure, composition and performance.

The annual review includes consideration of the following measures:
- comparing the performance of the Board against the requirements of its Charter
- assessing the performance of the Board over the previous 12 months having regard to the corporate strategies, operating plans and the annual budget
- reviewing the Board's interaction with management
- reviewing the type and timing of information provided to the Board by management
- reviewing management's performance in assisting the Board to meet its objectives and
- identifying any necessary or desirable improvements to the Board Charter

The method and scope of the performance evaluation will be set by the Board and may include a Board self-assessment checklist to be completed by each Director. The Board may also use an independent adviser to assist in the review.

The Chairman has primary responsibility for conducting performance appraisals of Non-Executive Directors, in conjunction with them, having particular regard to:

- contribution to Board discussion and function
- degree of independence including relevance of any conflicts of interest
- availability for and attendance at Board meetings and other relevant events
- contribution to Company strategy
- membership of and contribution to any Board committees and
- suitability to Board structure and composition

The Board conducts an annual performance assessment of the Managing Director against agreed key performance indicators.

Board and management performance reviews were conducted during the year in accordance with the above processes.

Independent Advice

Directors have a right of access to all Company information and executives. Directors are entitled, in fulfilling their duties and responsibilities, to obtain independent professional advice on any matter connected with the discharge of their responsibilities, with prior notice to the Chairman, at 4DS's expense.

Principle 2: Structure the board to add value

Board Composition

During the financial year and to the date of this report the Board was comprised of the following members:

Mr James Dorrian	Non-Executive Chairman (appointed 7 December 2015)
Dr Guido Arnout	CEO and Managing Director (appointed 7 December 2015)
Mr David McAuliffe	Executive Director (appointed 7 December 2015) and
Mr Howard Digby	Non-Executive Director (appointed 7 December 2015)

The Board currently consists of two Executive Directors and two Non-Executive Directors.

4DS has adopted a definition of 'independence' for Directors that is consistent with the Recommendations.

The Board does not consist of a majority of independent Directors. The Company's Non-Executive Chairman, Mr James Dorrian, is not considered to be an independent Director as he was, until recently, a substantial shareholder of the Company and both Dr Guido Arnout and Mr David McAuliffe are not considered to be independent as they are executives of the Company.

Mr Howard Digby is considered to be independent as he is not a member of management and is free of any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the independent exercise of his judgement.

Board Selection Process

The Board considers that a diverse range of skills, backgrounds, knowledge and experience is required in order to effectively govern 4DS. The Board believes that orderly succession and renewal contributes to strong corporate governance and is achieved by careful planning and continual review.

The Board is responsible for the nomination and selection of Directors. The Board reviews the size and composition of the Board regularly and at least once a year as part of the Board evaluation process.

The Board has established a Board Skills Matrix. The Board Skills Matrix includes the following areas of knowledge and expertise:

- Strategic expertise
- Specific industry knowledge
- Accounting and finance
- Risk management
- Experience with financial markets and
- Investor relations

Induction of New Directors and Ongoing Development

New Directors are issued with a formal Letter of Appointment that sets out the key terms and conditions of their appointment, including Director's duties, rights and responsibilities, the time commitment envisaged, and the Board's expectations regarding involvement with any Committee work.

An induction program is in place and new Directors are encouraged to engage in professional development activities to develop and maintain the skills and knowledge needed to perform their role as Directors effectively.

Principle 3: Act ethically and responsibly

The Company has implemented a Code of Conduct, which provides guidelines aimed at maintaining high ethical standards, corporate behaviour and accountability within the Company.
All employees and Directors are expected to:

- respect the law and act in accordance with it
- maintain high levels of professional conduct
- respect confidentiality and not misuse Company information, assets or facilities
- avoid real or perceived conflicts of interest
- act in the best interests of shareholders

- by their actions contribute to the Company's reputation as a good corporate citizen which seeks the respect of the community and environment in which it operates
- perform their duties in ways that minimise environmental impacts and maximise workplace safety
- exercise fairness, courtesy, respect, consideration and sensitivity in all dealings within their workplace and with customers, suppliers and the public generally and
- act with honesty, integrity, decency and responsibility at all times

An employee that breaches the Code of Conduct may face disciplinary action including, in the cases of serious breaches, dismissal. If an employee suspects that a breach of the Code of Conduct has occurred or will occur, he or she must report that breach to the Company Secretary. No employee will be disadvantaged or prejudiced if he or she reports in good faith a suspected breach. All reports will be acted upon and kept confidential.

Principle 4: Safeguard integrity in corporate reporting

The Board as a whole fulfils the functions normally delegated to the Audit Committee as detailed in the Audit Committee Charter.

The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises. Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Board.

The Board receives regular reports from management and from external auditors. It also meets with the external auditors as and when required.

The external auditors attend 4DS's AGM and are available to answer questions from security holders relevant to the audit.

Prior approval of the Board must be gained for non-audit work to be performed by the external auditor. There are qualitative limits on this non-audit work to ensure that the independence of the auditor is maintained.

There is also a requirement that the audit partner responsible for the audit not perform in that role for more than five years.

CEO and CFO Certifications

The Board, before it approves the entity's financial statements for a financial period, receives from its CEO and CFO (or, if none, the persons fulfilling those functions) a declaration provided in accordance with Section 295A of the Corporations Act that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Principle 5: Make timely and balanced disclosure

The Company has a Continuous Disclosure Policy which outlines the disclosure obligations of the Company as required under the ASX Listing Rules and Corporations Act. The policy is designed to ensure that procedures are in place so that the market is properly informed of matters which may have a material impact on the price at which Company securities are traded.

The Board considers whether there are any matters requiring disclosure in respect of each and every item of business that it considers in its meetings. Individual Directors are required to make such a consideration when they become aware of any information in the course of their duties as a Director of the Company.

The Company is committed to ensuring all investors have equal and timely access to material information concerning the Company.

The Board has designated the Company Secretary as the person responsible for communicating with the ASX. The Chairman, Managing Director and the Company Secretary are responsible for ensuring that:

a) Company announcements are made in a timely manner, that announcements are factual and do not omit any material information required to be disclosed under the ASX Listing Rules and Corporations Act; and

b) Company announcements are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.

Principle 6: Respect the rights of security holders

The Company recognises the value of providing current and relevant information to its shareholders.

The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights the Company is committed to:

- communicating effectively with shareholders through releases to the market via ASX, the company website, information mailed or emailed to shareholders and the general meetings of the Company
- giving shareholders ready access to clear and understandable information about the Company and
- making it easy for shareholders to participate in general meetings of the Company

The Company also makes available a telephone number and email address for shareholders to make enquiries of the Company. These contact details are available on the "Contact" page of the Company's website.

Shareholders may elect to, and are encouraged to, receive communications from 4DS and 4DS's securities registry electronically. The contact details for the registry are available on the "Investors" page of the Company's website.

The Company maintains information in relation to its Constitution, governance documents, Directors and senior executives, Board and committee charters, annual reports and ASX announcements on the Company's website.

Principle 7: Recognise and manage risk

The Board is committed to the identification, assessment and management of risk throughout 4DS's business activities.

The Board is responsible for the oversight of the Company's risk management and internal compliance and control framework. The Company does not have an internal audit function. Responsibility for control and risk management is delegated to the appropriate level of management within the Company with the Managing Director having ultimate responsibility to the Board for the risk management and internal compliance and control framework. 4DS has established policies for the oversight and management of material business risks.

4DS's Risk Management and Internal Compliance and Control Policy recognises that risk management is an essential element of good corporate governance and fundamental in achieving its strategic and operational objectives. Risk management improves decision making, defines opportunities and mitigates material events that may impact security holder value.

4DS believes that explicit and effective risk management is a source of insight and competitive advantage. To this end, 4DS is committed to the ongoing development of a strategic and consistent enterprise wide risk management program, underpinned by a risk conscious culture.

4DS accepts that risk is a part of doing business. Therefore, the Company's Risk Management and Internal Compliance and Control Policy is not designed to promote risk avoidance. Rather 4DS's approach is to create a risk conscious culture that encourages the systematic identification, management and control of risks whilst ensuring we do not enter into unnecessary risks or enter into risks unknowingly.

4DS assesses its risks on a residual basis; that is it evaluates the level of risk remaining and considering all the mitigation practices and controls. Depending on the materiality of the risks, 4DS applies varying levels of management plans.

The Board has required management to design and implement a risk management and internal compliance and control system to manage 4DS's material business risks. It receives regular reports on specific business areas where there may exist significant business risk or exposure. The Company faces risks inherent to its business, including economic risks, which may materially impact the Company's ability to create or preserve value for security holders over the short, medium or long term. The Company has in place policies and procedures, including a risk management framework (as described in the Company's Risk Management and Internal Compliance and Control Policy), which is developed and updated to help manage these risks. The Board does not consider that the Company currently has any material exposure to environmental or social sustainability risks.

The Company's process of risk management and internal compliance and control includes:

- identifying and measuring risks that might impact upon the achievement of the Company's goals and objectives, and monitoring the environment for emerging factors and trends that affect those risks
- formulating risk management strategies to manage identified risks, and designing and implementing appropriate risk management policies and internal controls and
- monitoring the performance of, and improving the effectiveness of, risk management systems and internal compliance and controls, including regular assessment of the effectiveness of risk management and internal compliance and control

The Board review's the Company's risk management framework at least annually to ensure that it continues to effectively manage risk.

Management reports to the Board as to the effectiveness of 4DS's management of its material business risks on at each Board meeting.

Principle 8: Remunerate fairly and responsibly

The Board as a whole fulfils the functions normally delegated to the Remuneration Committee as detailed in the Remuneration Committee Charter.

4DS has implemented a Remuneration Policy which was designed to recognise the competitive environment within which 4DS operates and also emphasise the requirement to attract and retain high calibre talent in order to achieve sustained improvement in 4DS's performance. The overriding objective of the Remuneration Policy is to ensure that an individual's remuneration package accurately reflects their experience, level of responsibility, individual performance and the performance of 4DS.

The key principles are to:

- link executive reward with strategic goals and sustainable performance of 4DS
- apply challenging corporate and individual key performance indicators that focus on both short-term and long-term outcomes
- motivate and recognise superior performers with fair, consistent and competitive rewards
- remunerate fairly and competitively in order to attract and retain top talent
- recognise capabilities and promote opportunities for career and professional development and
- through employee ownership of 4DS shares, foster a partnership between employees and other security holders

The Board determines the Company's remuneration policies and practices and assesses the necessary and desirable competencies of Board members. The Board is responsible for evaluating Board performance, reviewing Board and management succession plans and determines remuneration packages for the Managing Director, Non-Executive Directors and senior management based on an annual review.

4DS's executive remuneration policies and structures and details of remuneration paid to Directors and senior managers where appointed) are set out in the Remuneration Report.

Non-Executive Directors receive fees (including statutory superannuation where applicable) for their services, the reimbursement of reasonable expenses and, in certain circumstances options.

The maximum aggregate remuneration approved by shareholders for Non-Executive Directors is $300,000 per annum. The Directors set the individual Non-Executive Directors fees within the limit approved by shareholders.

The total Directors fees paid or payable to Non-Executive Directors during the reporting period were $70,000.

Executive Directors and other senior executives (where appointed) are remunerated using combinations of fixed and performance-based remuneration. Fees and salaries and set at levels reflecting market rates and performance-based remuneration is linked directly to specific performance targets that are aligned to both short and long term objectives.

In accordance with the Company's Securities Trading policy, participants in an equity based incentive scheme are prohibited from entering into any transaction that would have the effect of hedging or otherwise transferring the risk of any fluctuation in the value of any unvested entitlement in the Company's securities to any other person.

Further details in relation to the company's remuneration policies are contained in the Remuneration Report, within the Directors' report.

The shareholder information set out below was applicable as at 12 October 2020.

As at 12 October 2020 there were 5,277 holders of Ordinary Fully Paid Shares

VOTING RIGHTS

The voting rights of the ordinary shares are as follows:

Subject to any rights or restrictions for the time being attached to any shares or class of shares of the Company, each member of the Company is entitled to receive notice of, attend and vote at a general meeting. Resolutions of members will be decided by a show of hands unless a poll is demanded. On a show of hands each eligible voter present has one vote. However, where a person present at a general meeting represents personally or by proxy, attorney or representation more than one member, on a show of hands the person is entitled to one vote only despite the number of members the person represents.

On a poll each eligible member has one vote for each fully paid share held.

There are no voting rights attached to any of the options that the Company currently has on issue. Upon exercise of these options, the shares issued will have the same voting rights as existing ordinary shares.

TWENTY LARGEST SHAREHOLDERS

The names of the twenty largest holders of each class of listed securities are listed below:

Ordinary Fully Paid Shares

Name	No of Ordinary Shares Held	Percentage of Issued Shares
James Dorrian	52,783,831	4.03%
John Clement Cowie Love <The JCC Love Family A/C>	30,482,988	2.33%
Citicorp Nominees Pty Limited	28,990,899	2.21%
BNM Holdings Pty Ltd <BJD Beresford Family A/C>	21,984,591	1.68%
Vicex Holdings Proprietary Limited <Vicex Super A/C>	21,000,000	1.60%
BNP Paribas Nominees Pty Ltd <LB AU Noms Retailclient Drp>	19,571,555	1.49%
Southam Investments 2003 Pty Ltd <Warwickshire Investment A/C>	15,494,883	1.18%
Dr Jason Michael Spencer & Dr Carolyn Jean Nelson	13,500,000	1.03%
National Nominees Limited	9,300,095	0.71%
Monterey Domes Pty Ltd <Bransgrove Super Fund A/C>	9,000,000	0.69%
Dr Rohan Vanden Driesen	8,883,631	0.68%
Mr Richard Stanley De Ravin	8,833,333	0.67%
David Jerimiah McAuliffe <The Lazy D9M Investment A/C>	8,390,076	0.64%
HSBC Custody Nominees (Australia) Limited	8,370,769	0.64%
Kelland Munro MacCulloch	8,137,505	0.62%
DHU Holdings Pty Ltd <Dhufish Superannuation A/C>	7,530,242	0.58%
Aurelius Finance Pty Ltd <Aurelius Super Fund A/C>	7,502,289	0.57%
Mr Ian Brizee & Mrs Suzanne Brizee <Brizee Super Fund A/C>	7,500,000	0.57%
J P Morgan Nominees Australia Pty Limited	7,106,321	0.54%
Dr Winston O Pty Ltd <DACM Family A/C>	7,009,876	0.54%
Total Top 20	301,372,884	23.01%
Others	1,008,320,602	76.99%
Total Ordinary Shares on Issue	**1,309,693,486**	**100.00%**

SUBSTANTIAL HOLDERS

The Company has no substantial shareholders as at 12 October 2020.

DISTRIBUTION OF EQUITY SECURITIES

Ordinary Fully Paid Shares

Holding Ranges	Holders	Total Units	% Issued Share Capital
1 - 1,000	73	16,523	0.00%
1,001 - 5,000	108	402,400	0.03%
5,001 - 10,000	796	6,826,620	0.52%
10,001 - 100,000	2,797	110,546,926	8.44%
100,001 - 9,999,999,999	1,503	1,191,901,017	91.01%
Totals	**5,277**	**1,309,693,486**	**100.00%**

There are 373 shareholders with less than a marketable parcel.

UNQUOTED SECURITIES

As at 12 October 2020, the following unquoted securities are on issue:

42,275,000 Options expiring 27/10/2022 @ $0.042 – 6 Holders

Holders with more than 20%

Holder Name	Holding	% IC
Guido Arnout	14,000,000	33.12%
Michael Van Buskirk	9,500,000	22.47%
Seshubabu Desu	8,500,000	20.11%

25,780,000 Options expiring 22/01/2024 @ $0.052 – 9 Holders

Holders with more than 20%

Holder Name	Holding	% IC
Guido Arnout	7,380,000	28.63%
Margaret Elizabeth Livingston	7,000,000	27.15%

2,600,000 Options expiring 28/08/2024 @ $0.052 – 9 Holders

Holders with more than 20%

Holder Name	Holding	% IC
Seshubabu Desu	1,300,000	50.00%
Ting Yen	1,300,000	50.00%

ON-MARKET BUY BACK

There is currently no on-market buyback program.