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18/19

ANNUAL REPORT

Corporate Information

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

Registered and Business Office
Level 8, 99 St Georges Terrace
Perth WA 6000

Tel: +61 8 6388 8888
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Solicitors
Bowen Buchbinder Vilensky
Level 14, 251 Adelaide Terrace
Perth WA 6000

Bankers
Commonwealth Bank of Australia
ANZ Bank
Westpac Bank

Website
www.vonex.com.au
https://investors.vonex.com.au/corporate-governance

Company Secretaries
Matthew Foy
Daniel Smith

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

Tel: +61 8 9323 2000
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Auditor
RSM Australia Partners
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2 The Esplanade
Perth WA 6000

ASX CODE: VN8, VN8O

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Directors' Report

The Directors present their report together with the consolidated financial report for Vonex Limited ("Vonex" or "the Company") and its controlled entities (collectively the "consolidated entity" or "Group"), for the year ended 30 June 2019.

Directors

The names and qualifications of persons who have held the position of Director of Vonex Limited at any time during the financial year and up to the date of this report are:

- Mr Nicholas Ong – Non-Executive Chairman
- Mr Matthew Fahey – Managing Director and CEO
- Mr David Vilensky – Non-Executive Director
- Ms Winnie Lai Hadad – Non-Executive Director (Appointed 1 January 2018)

Information on Directors & Company Secretary

Nicholas Ong - Non-Executive Chairman

Mr Ong was a Principal Adviser at the Australian Securities Exchange (ASX) and brings 14 years' experience in IPO, listing rules compliance and corporate governance. Mr Ong has developed a wide network of clients in Asia-Pacific region and provides corporate and transactional advisory services through boutique firm Minerva Corporate Pty Ltd. He is a member of the Governance Institute of Australia and holds a Bachelor of Commerce and a Master of Business Administration from the University of Western Australia.

Other directorships of Australian listed companies held by Mr Ong in the last three years are:

Current: Helios Energy Limited, CoAssets Limited, Arrow Energy Limited and Black Star Petroleum Limited.

Previous: Excelsior Gold Limited, Auroch Minerals Limited, Fraser Range Metals Group Limited, Tianmei Beverage Group Corporation Limited, Bojun Agriculture Holdings Limited and Jiajiafu Modern Agriculture Limited.

Matthew Fahey - Managing Director & CEO

Mr Fahey is Vonex Telecom's Chief Executive Officer and joined the Board as Managing Director. Mr Fahey joined Vonex Ltd in 2013, through the Vonex Group's acquisition of iTrinity (IP Voice & Data) where he had served as Sales Director. Mr Fahey brings with him 20 years' of extensive experience in building and managing Telecommunications companies with a well-regarded reputation in the industry for channel partner programs as well as excellence in VoIP and Telco. 2014 saw amazing growth for Vonex, winning the CRN fast 50 award for the fastest growing IT company in Australia.

Mr Fahey is focused on driving marketing, sales and the continued development of diverse products in order to accelerate business growth and expand Vonex's market share.

Mr Fahey has not held any other directorships of Australian listed companies in the last three years.

David Vilensky - Non-Executive Director

Mr Vilensky is a practicing corporate lawyer and the managing director of Perth law firm Bowen Buchbinder Vilensky. He has more than 30 years' experience in the areas of corporate and business law and in commercial and corporate management. Mr Vilensky practices mainly in the areas of corporate and commercial law, mergers and acquisitions, mining and resources, trade practices and competition law and complex dispute resolution. Mr Vilensky acts for a number of listed and private companies and advises on directors' duties, due diligence, capital raisings, compliance with ASX Listing Rules, corporate governance and corporate transactions generally.

Other directorships of Australian listed companies held by Mr Vilensky in the last three years are:

Current: Latin Resources Limited and Oakdale Resources Limited.

Mr Vilensky has a Bachelor of Arts, a Bachelor of Laws from the University of Cape Town and is a member of the Law Society of Western Australia.

Winnie Lai Hadad – Non-Executive Director

Ms Lai Hadad has expertise in change management, corporate governance, business process improvement and has been involved in listings on the Australian Securities Exchange. Ms Lai Hadad has been involved with both investments into China and out-bound investment from China. Her past roles include implementing Coca-Cola bottling strategies into Greater China and administering the first Chinese direct investment in an iron ore mine in the Pilbara Region of Western Australia.

Ms Lai Hadad has not held any other directorships of Australian listed companies in the last three years

Ms Lai Hadad is a lawyer admitted to practice in Western Australia, a qualified CPA, holds a BA, BCom and MSc, and is a graduate of both the Australian Institute of Company Directors and Governance Institute of Australia.

Matthew Foy – Joint Company Secretary

Mr Foy was previously a Senior Adviser at the ASX and has twelve years' experience in facilitating the compliance of listed companies. Mr. Foy is a qualified Chartered Secretary and has reviewed and approved the listing of over 40 companies during his tenure at the ASX. Mr. Foy is also Company Secretary of ASX-listed Arrow Resources Limited, Protean Energy Limited, XTD Limited and Emergent Resources Ltd.

Mr Foy is a member of the Australian Institute of Company Directors, Governance Institute Australia, has a Graduate Diploma (Applied Finance) from FINSIA and a B. Com from the University of Western Australia.

Daniel Smith – Joint Company Secretary

Mr Smith has primary and secondary capital markets expertise, having been involved in a number of IPOs and capital raisings. Mr Smith is a director of Minerva Corporate, a private corporate consulting firm. Mr Smith is currently a director and company secretary of ASX and AIM-listed Europa Metals Ltd and ASX-listed Lachlan Star Limited and HIPO Resources Limited, and is Company Secretary for Taruga Minerals Limited and Love Group Global Ltd.

Mr Smith holds a BA and is a member of the Australian Institute of Company Directors and the Governance Institute of Australia

Interests in the securities of the Company

As at the date of this report, the interests of the directors in securities of the Company were:

Directors	Ordinary Shares	Performance Rights	Options
Nicholas Ong	2,460,000	2,550,000	84,499
Matthew Fahey	6,408,291	8,830,000	Nil
David Vilensky	2,550,000	2,550,000	Nil
Winnie Lai Hadad	Nil	Nil	Nil

Meetings of Directors

The attendance of directors at meeting of the company's Board of Directors held during the year is as follows:

Directors	Number of Meetings	
	Attended	Eligible to Attend
Nicholas Ong	6	6
Matthew Fahey	6	6
David Vilensky	6	6
Winnie Lai Hadad	6	6

Principal Activities

The principal activity of the consolidated entity during the year has been the development of technologies in communications, including its established cloud hosted PBX system. One of our key R&D projects forward is the Oper8tor App development. The Oper8tor App will aim to seamlessly link all voice calls across multiple platforms and devices around the world, as well as messaging, and by doing so will create an innovative piece of communication technology forcing notice. As at the end of the anticipated development, Oper8tor will look to be able to link mobile phones, land lines, Skype, Google Hangouts, WeChat simultaneously into a single voice call.

Other activities include the year on year growth within our Retail and Wholesale Telco divisions.

Directors' Report (continued)

Financial Position & Operating Results

The financial results of the consolidated entity for the financial year ended 30 June 2019 are:

	30-Jun-19	30-Jun-18	% Change
Cash and cash equivalents ($)	3,173,355	5,223,854	(39%)
Net assets / (liabilities) ($)	3,334,424	5,079,307	(34%)
Revenue ($)	9,209,953	8,486,196	9%
Net loss after tax ($)	(2,791,622)	(14,713,402)	(81%)
Loss per share (cents)	(1.99)	(21.35)	(91%)

Dividends Paid or Recommended

There were no dividends declared or paid by the Company during the year and no dividend is recommended.

Review of Operations

Following Vonex's listing on the ASX on the 13th of June 2018, the Company has achieved consistent growth, reaching 30,000 registered active Private Branch Exchange (PBX) users in July 2019, with growth increasing to 31,000 registered daily users in August 2019. The Company has driven this significant growth through a targeted marketing campaign and increased engagement with Vonex's broad network of Channel Partners.

The growth of PBX users is mainly derived through Channel Partners, a network of hundreds of qualified sales partners who collaborate with Vonex. PBX registrations are a key indicator of business development progress as Vonex penetrates the multibillion-dollar Australian market for telco services to Small and Medium Enterprises (SMEs). The Company continues to target SME customers and expects its PBX userbase to continue its strong growth trajectory.

Post year-end, from mid-June to mid-August, the Company delivered 40% growth in orders processed through Vonex's channel-focused sales software, Sign On Glass (SOG), which added more than 400 new orders in just two months. The Company launched the SOG sales technology and paperless Channel Partner portal in July 2018. SOG was designed to assist in the efficient management of the Company's new and existing customers. Developed in-house, the system is used to facilitate customer-focused upgrade and deployment of Vonex's cloud-hosted PBX system. The Company has been able to drive Channel Partner growth off the back of this technology.

The number of Vonex active users grew by more than 25% in the last 12 months, supported by the recruitment of Vonex's Channel Partners and targeted marketing to the IT and communications managed services provider community. The Company also delivered 38% year-on-year growth in new customer sales, with May 2019 being the largest new customer sales month for the Company.

Factors driving customer and user growth across the year include:

- Implementation of the Company's Channel Partner focused sales software, Sign On Glass, which has accelerated average deployment time for a hosted PBX customer to just 48 hours;
- The continued rollout of the National Broadband Network (NBN) in metropolitan areas, with 4.1 million premises in Australia currently ready for NBN services but not yet connected;
- Vonex's commencement in late 2018 of targeted online marketing across all states after the successful completion of pilot marketing testing, which has driven vonex.com.au unique visitor website growth of more than 110% over the past six months;
- Improved engagement with new and existing Channel Partners.

Throughout the year Vonex has remained focused on the expansion of existing business units, as well as developing new cutting-edge products and has concentrated its efforts in these main areas:

1. The retail division, Vonex Telecom: marketing and investment in the Company's Channel Partners has focused on opportunities that will arise over the next 36 months through the continued rollout of the NBN. The NBN is now targeting the highly populated city areas of Australia. This delivers an upgraded internet network directly past the doors of the Company's target customers (small to medium businesses). The Company has focused on expanding the Channel Partner program to increase the Company's presence and drive additional sales in these areas where the NBN is newly available. During FY19, Vonex rolled out a nationwide marketing campaign which positioned the Company as an attractive provider of telco services to SMEs during the transition to the NBN.
2. The development and launch of the Oper8tor App: Vonex remains focused on developing the Oper8tor App, in which the Company sees significant potential as the world's only mobile solution to allow multiple social media and communications platforms to seamlessly interface.
3. The Company engaged in a thorough evaluation of its wholesale business, with a view to expanding the products and services offered via this business unit. Vonex continues to attract new white-label carrier businesses to the group, both in Australia and overseas.
4. Across the year, the Company ramped up its marketing initiatives to drive user growth and adoption. A major trial marketing campaign took place across a period of three months which targeted Southeastern Queensland ahead of the Company's launch in

major capital cities in October 2018. Across the campaign, Vonex pushed a variety of content including custom video and static ads. The aim of the marketing campaign was to achieve greater brand awareness and gather audience intelligence.

The trial marketing campaign was a success, driving an increase in traffic of 114% compared to the monthly average. The campaign used powerful third-party software and platforms to identify key audiences with analytics collected from several million impressions of Vonex Telecom ads. Significantly, the campaign provided excellent insight to progress how to roll out the national campaign. The campaign coincided with the delivery of NBN across capital cities so that Vonex could maximise benefits from the nationwide enforced cutover to the NBN.

Channel Partners

Across the year the Company vetted and recruited 73 new Channel Partners with a further 20 recruited totaling 93 by the time of reporting, driving further customer acquisition and accelerating growth across the Company's retail business. The Company has engaged in several key initiatives to expand the value of its Channel Partner network, and in March 2019, secured an experienced new Head of Marketing, Anna Dunsdon, to implement plans to drive continued acceleration in PBX user growth.

The Company's network of Channel Partners connects Vonex with SME customers in all major Australian cities and accelerates the Company's growth by selling Vonex's proprietary technologies, including its cloud-based PBX and Vonex-branded traditional mobile, internet, and business phone plans.

Channel Partners are typically IT businesses and managed service providers. Vonex continues to sign up and onboard new Channel Partners through inbound enquiries and targeted marketing to the IT and communications managed services provider community.

In June 2019, Vonex entered a partnership as VoIP and Hosted Phone System telco provider to Australia's largest business-to-business loyalty program, Qantas Business Rewards ("QBR"). The partnership provides the Company with valuable marketing support over the next 24 months, presenting significant growth opportunities for Vonex.

Through the partnership with Qantas Airways Ltd. (ASX: QAN), businesses can earn unlimited QBR points for every purchase made with Vonex's monthly ONdesk cloud-based phone plans – including its Traveller plan, or its Commercial, Business or Executive advanced plans which come with the most advanced IP desktop phone with built-in Bluetooth and Wi-Fi, the Yealink T5 series.

QBR is the largest and fastest-growing business loyalty program in Australia and is the only rewards program 100% dedicated to rewarding small and medium businesses in Australia, aligning with Vonex's SME-focused strategy. Vonex and QBR's partnership officially launched on 15 August 2019.

To expand into new market segments and attract new customers, Vonex appointed strategic partner CounterPath in August 2018. CounterPath is a NASDAQ and TSX listed (NASDAQ: CPAH) (TSX: PATH) global provider of award-winning Unified Communications solutions for enterprises and service providers.

The partnership has seen both parties working to deliver new customer growth in Australia. In particular, the partnership has enabled Vonex to expand its offering to existing business, enterprise and channel customers.

Vonex has been able to provide end users a Vonex branded version of CounterPath's Bria software for desktop, iPhone, iPad and Android phones and tablets. Vonex has also white-label selected CounterPath products to sell under its own brand. CounterPath's Bria software leverages more than 10 years of softphone experience and replaces the need for a telephone to connect to a VoIP phone service, or hosted PBX extension. CounterPath Bria software is deployed to millions of active users across the globe.

The Vonex Phone App, launched in October 2018, was the first initiative under the CounterPath joint marketing and distribution agreement. The app is underpinned by CounterPath's Bria software and is available on iOS, Android, Windows and Mac. Users of Vonex hosted phone systems can use the app to connect to their business phone systems anywhere in the world via Wi-Fi or mobile data.

The Vonex Phone App provides users with full access to all the features of the hosted PBX platform, including making and receiving calls from a landline number, access to full call history and contacts, sending instant messages to other users, music on hold, managing calls via auto attendants and more.

When sold through Vonex's Wholesale (white label) division, this product will generate additional wholesale PBX registration fees for each device that is registered to the platform. As an enterprise grade solution, Vonex Phone is available for enterprise and government clients, where scalability, mobility and unified communication systems are all key drivers of adoption, which has led to new opportunities not previously targeted.

Oper8tor Development

Vonex's Oper8tor App has entered the final stages of testing ahead of its launch which is anticipated in the near-term. Expediting the final stages of testing is a priority for the Company. While the development window has been extended, the Company believes this is in the best interests of the Company's shareholders to ensure the right solution is delivered to the market to maximise the impact of the Oper8tor App's initial launch.

The Oper8tor App is a disruptive aggregated communications platform which targets the inclusion of conference, voice, message and video functionality, facilitating user communication across a broad swathe of channels. Oper8tor aims to link seamlessly all voice calls as well as messaging across multiple platforms and devices and utilises Vonex's patented Call Blast technology as a key point of difference in targeting both consumer and communication technology providers.

The technology targets both consumers and communication technology providers and can be deployed worldwide. The more competitors that come onto the market, the greater the need for Oper8tor as a communication aggregator that will allow individuals to talk to others across multiple platforms and apps.

Under the Oper8tor App, there are three distinct marketable products: Oper8tor Conference, Oper8tor Message and Oper8tor Voice. Vonex intends to introduce a fourth component, Oper8tor Video, after the initial soft launch.

Directors' Report (continued)

Oper8tor Conference will allow customers to schedule and conduct conferences across the Public Switched Telephone Network (PSTN) and mobile phone networks. Oper8tor Message will allow inter-platform messaging across selected social networks, as well as between users of Oper8tor itself. This will drive adoption of Oper8tor complementing the voice capabilities of the app.

Oper8tor Voice will allow for unscheduled calling between PSTN, mobile phones and social media users; breaking down the barriers presented by traditional social media platforms, and providing cross platform call capabilities between social media products and traditional landlines and mobiles.

One of the crucial components developed to power the app and enable the Call Blast feature is Vonex's advanced new conference call platform, Oper8tor Switchboard. The Company designed Switchboard to handle and transcode tens of thousands of simultaneous calls between different platforms.

To date over 160 continuously improving beta test builds of Oper8tor have passed through Apple's mobile app testing service, TestFlight, and Google Play's mobile app testing service.

Through this process, Vonex has developed Oper8tor Version 1 towards its final stages of completion, which will demonstrate features including Call Blast, cross-platform social media messaging incorporating SMS, improved contact management, Oper8tor-to-Oper8tor message chat and voice calls. The bulk of the costs associated with the beta stage of development of the Oper8tor App was deemed eligible expenditure for Research and Development tax incentive purposes.

Vonex has achieved significant progress on the Oper8tor messaging functionality, with successful chat testing conducted through the platform linking third-party messaging platforms as well as traditional mobile SMS. Two major social media platforms are now connected through the Oper8tor messaging platform, with a third imminent.

The Company has engaged in development and third-party application unit testing and load testing to ensure Oper8tor performs as expected. Initial testing feedback has led to the delivery of several valuable improvements in the app which will optimise the users experience.

Vonex has lodged an application with the Patent Office to protect IP around its message functionality. When granted, this will help to de-risk Oper8tor as Vonex commercialises and scales up adoption of the platform. Vonex also has elected to write its own code for a range of tasks to ensure it can control the stability of several key elements of Oper8tor including third-party connections, consistency of functionality across different manufacturers' devices, and adherence to Android's recently imposed requirement to provide 64-bit versions of apps.

Vonex plans to complete this work in quarter 4 of 2019, after which the Company will commence executing its planned marketing and commercialisation strategy for Oper8tor. Following the initial launch of Oper8tor V1 in Australia, the Company will move to commercialise Oper8tor in the European market where Vonex expects to generate revenue from advertising and in-app purchases.

During the year, Vonex reached a key milestone with Oper8tor Conference readied for white labelling to business. White labelling allows Vonex business customers to brand Oper8tor Conference with their organisational branding, including logos, colors and additional text. Oper8tor Conference empowers users to schedule and join conferences with minimal hassle.

Vonex is integrating technology developed for Oper8tor Conference into the broader Oper8tor platform, and plans to roll both apps out into the larger market of Europe once the Australian launch is finalised. At this stage, the company envisages that the commercial launch of the Oper8tor mobile app in Europe will be in financial year 2020 following the initial Australian launch.

PBX software

During current year, the Company updated its PBX Cloud system. The Company's PBX software offers SME clients a range of benefits compared to on-premise PBX systems, including lower cost, high scalability and much higher reliability. The updated software provides a more-user friendly interface with automation for a range of hardware vendors, stronger security and seamless integration with customer relationship management systems.

Corporate

Senior Leadership Changes

During the year, Vonex expanded its Sales and Business Development Team to support and service the growth driven by its marketing campaigns and Channel Partner engagement programs. This included the recruitment of a new Business Development Manager and the expansion of the Company's Support Team based in the Philippines.

The Company also appointed senior executive, Terry Tangredi, as Head of Sales. Mr Tangredi brings more than 25 years of senior management experience in IT, telecommunications and telematics, with expertise in the areas of organisational performance, strategy and leadership.

Outlook

The Company's focus continues to be on the recruitment of new Channel Partners across Australia to support the anticipated growth driven by the NBN rollout. National marketing programs in Australia's capital cities remain underway to gain traction with SME customers and facilitate strong growth in registered PBX users.

With the latest *Communications Report* from the Australian Communications and Media Authority (ACMA) forecasting Australian telecommunications industry revenue to grow from $44 billion in 2018 to $47 billion by 2022, Vonex continues to see a positive outlook for growth in sales as the Company's customer base expands.

Closure of Small Shareholding Share Sale Facility

Vonex announced the closure of a Share Sale Facility for holders of small parcels of shares in the Company (Facility) on 8 August 2018. The Facility was provided to holders of small parcels of shares to sell their shares without incurring any brokerage or handling cost that could otherwise make a sale of their shares uneconomic or difficult.

The number of shares eligible to be sold under the Facility was 1,295,709 ordinary shares from 1,022 shareholders, representing approximately 41% of the total number of shareholders presently holding shares in the Company as at August 2018. Vonex received commitments to place all the shares available under the Facility at $0.1325 per share.

Significant Changes in the State of Affairs

There have been no other significant changes in the state of affairs of the consolidated entity during the financial year.

Events after the reporting period

Subsequent to the reporting period on 16 August 2019 Vonex advised that it had surpassed 31,000 registered daily active PBX users. This milestone is the latest in a consistent period of growth for the Company, with a key recent development being over 40% growth in orders processed through Vonex's channel-focused sales software, Sign On Glass, in the past two months – adding more than 400 new orders since mid-June.

In addition, Vonex advised it had launched its partnership program with Qantas Airways as a VoIP and Hosted Phone System telco provider to the Qantas Business Rewards (QBR) program, as first announced to the ASX on 19 June 2019.

On 22 August 2019 the Company announced it had lodged a new application with the Patent Office to protect the IP surrounding the unique Message functionality of its Oper8tor aggregated communications platform.

Apart from the disclosures made within this report, no other matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Remuneration Report (Audited)

The remuneration report is set out under the following main headings:

A Remuneration Governance

B Remuneration Structure

C Details of Remuneration

D Share-based compensation

E Equity instruments issued on exercise of remuneration options

F Value of options to Directors

G Equity instruments disclosures relating to key management personnel

H Other transactions with key management personnel

I Additional statutory information

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*. The remuneration arrangements detailed in this report are for the key management personnel ("KMP") of the Group as follows:

- Mr Nicholas Ong – Non-Executive Chairman
- Mr Matthew Fahey – Managing Director and CEO
- Mr David Vilensky – Non-Executive Director
- Ms Winnie Lai Hadad – Non-Executive Director
- Mr Angus Parker – Chief Technology Officer

Use of remuneration consultants

The Company did not employ services of consultants to review its existing remuneration policies.

Voting and comments made at the Company's 2018 Annual General Meeting

The Company received 100% of "yes" proxy votes on its remuneration report for the 2018 financial year, inclusive of discretionary proxy votes. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

A Remuneration Governance

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Group. Key management personnel comprise the Directors of the Group and Executives of the Group. The performance of the Group depends upon the quality of its key management personnel. To prosper the Group must attract, motivate and retain appropriately skilled directors and executives.

The Group's broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality. The Group does not engage the services of any remuneration consultants.

B Remuneration Structure

Non-Executive remuneration arrangements

The remuneration of Non-Executive Directors (NED) consists of Directors' fees, payable in arrears. They serve on a month to month basis and there are no termination benefits payable. Non-Executive Directors are able to participate in share option-based incentive programmes in accordance with Group policy.

When required to spend time on Group Business outside of NED duties, Directors are paid consulting fees on time spent and details of which are contained in the Remuneration Table disclosed in Section C of this Report. Remuneration of Non-Executive Directors are based on fees approved by the Board of Directors and is set at levels to reflect market conditions and encourage the continued services of the Directors.

The Group has provided variable remuneration incentive schemes to certain Non-Executive Directors as detailed in Note 31.

Non-Executive Directors' fees are determined within an aggregate directors' fee pool limit, which will be periodically recommended for approval by shareholders. The maximum currently stands at $500,000 per annum as per Section 13.8 of the Company's constitution and may be varied by ordinary resolution of the shareholders in general meeting.

C Details of Remuneration

The key management personnel ("KMP") of the Group are the Directors and management of Vonex Limited detailed in the table below. Details of the remuneration of the Directors of the Group are set out below:

		Short-term benefits		Post-employment benefits	Share-based payment		
	Salary & fees	Cash bonus	Long Service Leave	Superannuation	Performance rights	Total	Percentage remuneration consisting of performance rights for the year
30/06/2019	$	$	$	$	$	$	
Directors							
Mr Fahey	286,000	-	3,267	27,325	29,597	346,189	9%
Mr Ong	60,000	-	-	5,700	141,672	207,372	68%
Mr Vilensky	60,000	-	-	5,700	141,672	207,372	68%
Ms Hadad (i)	60,000	-	-	5,700	-	65,700	0%
Other KMP							
Mr Parker (ii)	250,000	-	8,272	23,750	29,597	311,619	9%
Total	**716,000**	**-**	**11,539**	**68,175**	**342,538**	**1,138,252**	**30%**

		Short-term benefits		Post-employment benefits	Share-based payment		
	Salary & fees	Cash bonus	Long Service Leave	Superannuation	Performance rights	Total	Percentage remuneration consisting of performance rights for the year
30/06/2018	$	$	$	$	$	$	
Directors							
Mr Fahey	229,015	-	3,542	17,424	3,492	253,473	1%
Mr Ong	48,567	-	-	269	527,276	576,112	92%
Mr Vilensky	60,000	-	-	269	571,277	631,546	90%
Ms Hadad (i)	30,000	-	-	2,850	-	32,850	0%
Other KMP							
Mr Parker (ii)	206,901	-	13,127	17,253	3,492	240,773	14%
Total	**574,483**	**-**	**16,669**	**38,065**	**1,105,537**	**1,734,754**	**64%**

(i) Ms Hadad (Non-Executive Director) (appointed on 1 January 2018)

(ii) Mr Parker (Executive Director) (resigned 31 December 2017)

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

	Fixed Remuneration*		At risk – LTI **	
	2019	2018	2019	2018
Director				
Mr Fahey	91%	99%	9%	1%
Mr Ong	32%	8%	68%	92%
Mr Vilensky	32%	10%	68%	90%
Ms Hadad	100%	100%	0%	0%
Other KMP				
Mr Parker	91%	86%	9%	14%

*Fixed Remuneration includes short term benefits and post-employment benefits

Performance rights are at risk - **Long term incentives are provided by way of the performance rights issued with long term performance milestones (Tranche 1,2 and 3). The percentages disclosed reflect the fair value of remuneration based on the value of the performance rights at grant date subject to future vesting conditions

Remuneration Policy

Non-Executive Directors

Total remuneration for all Non-Executive Directors, is not to exceed $500,000 per annum as approved by shareholders. This does not include Consulting Fees.

Non-Executive Directors received a fixed fee for their services of $60,000 per annum (excl. GST) plus superannuation for services performed.

The Group has provided variable remuneration incentive schemes to certain Non-Executive Directors as detailed in Note 31. There are no termination or retirement benefits for non-executive directors (other than statutory superannuation).

Executive Director - Mr Matthew Fahey – Chief Executive Officer

Outlined below is a summary of the material provisions of the Executive Services Agreement between the Company and Mr Matthew Fahey. Mr Fahey receives an annual salary of $250,000 plus statutory superannuation. Mr Fahey is also entitled to director fee of $36,000 per annum. Either party may terminate the Executive Services Agreement by giving six (6) months written notice.

A bonus based on key performance indicators ("KPIs") will be paid as follows:

The Company may at any time during the Term or any extension thereof pay a performance-based bonus over and above the salary. In determining the extent of any performance based bonus, the Company shall take into consideration the key performance indicators of the Executive and the Company, as the Company may set from time to time, and any other matter that it deems appropriate and may issue shares in the Company to the Executive in lieu of cash if the Executive consents.

Other KMP - Mr Angus Parker – Chief Technology Officer

Outlined below is a summary of the material provisions of the Executive Services Agreement between the Company and Mr Angus Parker. Mr Parker receives an annual salary of $250,000 plus statutory superannuation. Either party may terminate the Executive Services Agreement by giving six (6) months written notice.

A bonus based on key performance indicators ("KPIs") will be paid as follows:

The Company may at any time during the Term or any extension thereof pay a performance-based bonus over and above the salary. In determining the extent of any performance based bonus, the Company shall take into consideration the key performance indicators of the Executive and the Company, as the Company may set from time to time, and any other matter that it deems appropriate and may issue shares in the Company to the Executive in lieu of cash if the Executive consents.

D Share-based Compensation

Short term and long term incentives

In prior financial years Mr Fahey, Mr Ong, Mr Vilensky and Mr Parker were issued performance rights incentives for their work and ongoing commitment and contribution to the Company.

D Share-based Compensation (continued)

The performance rights were issued in three tranches, each with different performance milestones. Details of the performance rights issued are as follows:

Tranche	Director and Other KMP	Number Issued	Grant Date	Expected Date of Milestone Achievements	Underlying Share Price on Grant Date	Total Fair Value ($)
1	Mr Fahey	100,000	28/07/17	Vested	0.20	20,000
	Mr Ong	2,200,000				440,000
	Mr Vilensky	2,420,000				484,000
	Mr Parker	100,000				20,000
2	Mr Fahey	100,000	28/07/17	28/07/21	0.20	20,000
	Mr Ong	1,210,000				242,000
	Mr Vilensky	1,210,000				242,000
	Mr Parker	100,000				20,000
3	Mr Fahey	100,000	28/07/17	28/07/21	0.20	20,000
	Mr Ong	1,210,000				242,000
	Mr Vilensky	1,210,000				242,000
	Mr Parker	100,000				20,000
		10,060,000				2,012,000

The performance milestones attached with each of the tranches are detailed below:

1. Vonex Ltd successful listing on an alternative securities exchange other than the Australian Securities Exchange. On 29 January 2018, the performance rights relating to Tranche 1 were amended such that they vest upon a successful listing on the Australia Securities Exchange. Milestone was achieved on the 7 June 2018 and performance rights vested.
2. Vonex achieving audited gross revenue of $15 million in a financial year.
3. Vonex achieving audited net profit after tax of $1 million in a financial year.

Where applicable, amounts in the table above, have been adjusted for the 5:1 and 2:1 share consolidation completed on 28 July 2017 and 29 January 2018 respectively.

Refer to Note 31 for further details in respect to the performance rights granted

E Equity Instruments Issued on Exercise of Remuneration Options

No equity instruments were issued during the year to Directors or key management personnel as a result of exercising remuneration options (2018: Nil).

F Value of options to Directors

No options were granted, exercised or lapsed during the year to Directors or key management personnel as part of their remuneration (2018: Nil).

G Equity instruments disclosures relating to key management personnel

Share holdings

The numbers of shares in the Company held during the financial year by each Director and other key management personnel of the Group are set out below.

2019	Opening Balance	Received as Remuneration	Received During Year on Exercise of Options	Net Change Other	Closing Balance
Directors					
Mr Matthew Fahey	6,408,291	–	–	–	6,408,291
Mr Nicholas Ong	2,460,000	–	–	–	2,460,000
Mr David Vilensky	2,550,000	–	–	–	2,550,000
Ms Winnie Lai Hadid	–	–	–	–	–
Other KMP	–				–
Mr Angus Parker	18,238,592	–	–	(249,700)[1]	17,988,892
	29,656,883	–	–	(249,700)	29,407,183

Notes:
1. On-market disposal of shares

Deferred performance shares holdings

The table shows how many deferred KMP performance shares were granted, vested and forfeited during the year.

	Year Granted	No Granted	Grant Date Value per share	Grant Date value	Vested value in FY17	Vested value in FY18	Forfeited value in FY18	Maximum value yet to vest
Mr Fahey								
Tranche 1	FY17	130,000	$0.45	$58,500	–	–	$58,500	–
Tranche 2 *	FY17	130,000	$0.45	$58,500	$58,500	–	–	–
Tranche 3	FY17	130,000	$0.45	$58,500	–	–	–	$58,500
Tranche 1 **	FY18	100,000	$0.20	$20,000	–	$20,000	–	–
Tranche 2	FY18	100,000	$0.20	$20,000	–	–	–	$20,000
Tranche 3	FY18	100,000	$0.20	$20,000	–	–	–	$20,000
Mr Ong								
Tranche 1	FY17	130,000	$0.45	$58,500	–	–	$58,500	–
Tranche 2 *	FY17	130,000	$0.45	$58,500	$58,500	–	–	–
Tranche 3	FY17	130,000	$0.45	$58,500	–	–	–	$58,500
Tranche 1 **	FY18	2,200,000	$0.20	$440,000	–	$440,000	–	–
Tranche 2	FY18	1,210,000	$0.20	$242,000	–	–	–	$242,000
Tranche 3	FY18	1,210,000	$0.20	$242,000	–	–	–	$242,000
Mr Vilensky								
Tranche 1	FY17	130,000	$0.45	$58,500	–	–	$58,500	–
Tranche 2 *	FY17	130,000	$0.45	$58,500	$58,500	–	–	–
Tranche 3	FY17	130,000	$0.45	$58,500	–	–	–	$58,500
Tranche 1 **	FY18	2,420,000	$0.20	$484,000	–	$484,000	–	–
Tranche 2	FY18	1,210,000	$0.20	$242,000	–	–	–	$242,000
Tranche 3	FY18	1,210,000	$0.20	$242,000	–	–	–	$242,000
Mr Parker								
Tranche 1	FY17	130,000	$0.45	$58,500	–	–	$58,500	–
Tranche 2 *	FY17	130,000	$0.45	$58,500	$58,500	–	–	–
Tranche 3	FY17	130,000	$0.45	$58,500	–	–	–	$58,500
Tranche 1 **	FY18	100,000	$0.20	$20,000	–	$20,000	–	–
Tranche 2	FY18	100,000	$0.20	$20,000	–	–	–	$20,000
Tranche 3	FY18	100,000	$0.20	$20,000	–	–	–	$20,000

* Deferred performance rights which vested during the period as a result of the performance milestone being achieved were issued to Directors and Other KMP on 23rd June 2017.

** Deferred performance rights which vested during the period as a result of the performance milestone being achieved were issued to Directors and Other KMP on 7th June 2018.

Where applicable, amounts in the table above, have been adjusted for the 5:1 and 2:1 share consolidation completed on 28 July 2017 and 29 January 2018 respectively.

H Other transactions with key management personnel

Transactions with related parties

The following transactions occurred with related parties:

	2019 $	2018 $
Services provided:		
Company secretarial, corporate compliance and accounting fees from Minerva Corporate (Director-related entity of Nicholas Ong)	54,000	195,904
Payments for legal fees from Bowen Buchbinder Vilensky (Director-related entity of David Vilensky)	40,550	99,714

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	2019 $	2018 $
Current payables:		
Trade payables to Minerva Corporate (director-related entity of Nicholas Ong)	9,900	8,766
Trade payables to The Telephone People & Silver Consulting (director-related entity of Matthew Fahey)	–	56,032

I Additional statutory information

Relationship between remuneration and the Group's performance

The following table shows key performance indicators for the Group over the last five years:

	2019	2018	2017	2016	2015
Loss for the year	$2,791,622	$14,713,402	$9,737,819	$12,410,441	$(376,490)
Closing Share Price	11.0 cents	14.0 cents	N/A*	N/A*	N/A*
KMP Incentives	$342,538	$1,105,537	$702,000	$nil	$nil
Total KMP Remuneration	$1,138,252	$1,734,754	$1,503,715	$858,640	$720,172

* No closing share price as the company was unlisted

End of Audited Remuneration Report

Environmental Regulation

The Group's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory.

Officer's Indemnities and Insurance

The Company has paid a premium for a contract insuring all Directors and executive officers of the Company and certain related bodies corporate against all liabilities and expenses arising as a result of work performed in their respective capacities, to the extent permitted by law. The Directors have not included in this report details of the nature of the liabilities covered or the amount of the premium paid in respect of the Directors and executive officers insurance liability contract as disclosure is prohibited under the terms of the contract.

The Company has agreed to indemnify each person who is, or has been a director, officer or agent of the Company and/or of certain of its related bodies corporate against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as director, officer or agent, except where the liability arises out of conduct involving a lack of good faith. The Company is required to meet the full amount of any such liabilities, including costs and expenses for a period of seven years.

No liability has arisen since the end of the previous financial year which the Company would, by operation of the above indemnities, be required to meet.

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Options

At the date of this report the Company has the following options on issue:

a) 133,750 options exercisable at $0.90 on or before 3 August 2020;

b) 7,500,000 options exercisable at $0.20 on or before 7 June 2020;

c) 14,500,000 options exercisable at $0.30 on or before 7 June 2023;

d) 14,719,731 options exercisable at $0.20 on or before 30 November 2022;

e) 3,215,060 options exercisable at $0.20 on or before 30 November 2022; and

f) 1,800,000 options exercisable at $0.20 on or before 30 November 2022

Performance Rights

As at the date of this report the Company has 27,560,000 performance rights held with the following performance conditions:

a) 780,000 convertible upon the Company reaching $10 million annualised revenue per annum in any quarter (i);

b) 4,840,000 convertible upon the Company achieving audited gross revenue of $15 million in a financial year (ii);

c) 4,840,000 convertible upon the Company achieving audited net profit after tax of $1 million in a financial year (ii);

d) 2,000,000 convertible into ordinary shares upon completion of the beta version of the Oper8tor App and commencement of the official Oper8tor launch in Europe;

e) 5,000,000 convertible into ordinary shares upon the Oper8tor App achieving 10 million active users; and

f) 10,000,000 convertible into ordinary shares upon the Oper8tor App achieving 20 million active users;

g) 50,000 convertible into ordinary share on 1 July 2019; and

h) 50,000 converted into ordinary share on 1 July 2020.

(i) Notwithstanding the performance conditions above, all the Performance Rights will vest automatically if there is a trade sale of all or any part of the business or assets of the Company or if the Company merges with another company or is the subject of a successful takeover or if the multi-platform phone call and messaging communication app called "Oper8tor" is spun out into a separate Company.

(ii) Notwithstanding the Performance Conditions above, all the Performance Rights will vest automatically if there is a trade sale of all or any part of the business or assets of the Company or if the Company merges with another company or is the subject of a takeover of 50.1% or more, or if the multi-platform phone call and messaging communication app called "Oper8tor" is spun out into a separate Company.

Subject to achievement of the performance conditions one share will be issued for each performance right that has vested on the same terms and conditions as the Company's issued shares and will rank equally with all other issued shares from the issue date.

Proceedings on Behalf of the Company

No person has applied to the 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 part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

Non-Audit Services

The Company may decide to employ the Auditor on assignments additional to their statutory audit duties.

Details of the amounts paid or payable to the Auditor for audit and non-audit services provided during the year are set out below.

The Board has considered the position and, in accordance with the advice received from the Audit Compliance and Risk Management Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act. The Directors are satisfied that the provision of non-audit services by the Auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act for the following reasons:

- all non-audit services are reviewed by the Audit Compliance and Risk Management Committee to ensure they do not impact the impartiality, and
- objectivity of the Auditor none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the Auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms.

Assurance services

	2019 $	2018 $
Audit Services		
RSM Australia Partners	67,000	62,500
Total remuneration for audit and assurance services	**67,000**	**62,500**
Corporate Services		
RSM Australia Pty Ltd	-	26,410
Total remuneration for corporate services	**-**	**26,410**

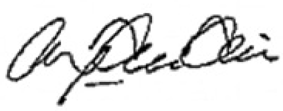
Auditor

RSM Australia Partners was appointed as the Group's auditor at the 2011 Annual General Meeting and continues in office in accordance with section 327 of the *Corporations Act 2001*.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is included within this financial report.

This Directors' Report, is signed in accordance with a resolution of the Board of Directors.



Nicholas Ong
Chairman

30 August 2019

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Vonex Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

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

RSM

RSM AUSTRALIA PARTNERS

TUTU PHONG
Partner

Perth, WA
Dated: 30 August 2019

Consolidated statement of profit or loss and other comprehensive income

AS AT 30 JUNE 2019

	Note	2019 $	2018 $
Sales revenue	2	8,801,740	8,067,027
Cost of sales		(5,452,340)	(5,035,941)
Gross profit		3,349,400	3,031,086
Other revenues	3	408,213	419,169
Administration expenses		(1,152,363)	(806,620)
Amortisation	4	(83,453)	(77,510)
Account and audit fees		(98,736)	(122,343)
Bad & doubtful debt expenses		(11,270)	(26,726)
Contractor expenses		(570,908)	(485,715)
Depreciation expenses	4	(57,184)	(40,071)
Directors fees		(236,520)	(214,812)
Finance costs	4	(5,867)	(607,753)
Insurance expense		(43,980)	(42,542)
Legal fees		(47,985)	(198,856)
Loss on disposal of non-current assets	17	(24,185)	-
Occupancy expenses	4	(214,430)	(269,492)
Repairs and maintenance		(5,806)	(3,726)
Share based payment expense	31	(1,008,458)	(13,514,260)
Travel expenses		(136,521)	(176,135)
Employee expenses		(2,851,568)	(1,577,096)
Loss before income tax		(2,791,622)	(14,713,402)
Income tax expense		-	-
Net loss for the year		(2,791,622)	(14,713,402)
Other comprehensive income for the year		-	-
Total comprehensive loss for the year		(2,791,622)	(14,713,402)
Basic and diluted earnings per share of loss attributable to the owners of Vonex Limited (cents per share)		(1.99)	(21.35)

The accompanying notes form part of these financial statements

Consolidated statement of financial position

AS AT 30 JUNE 2019

	Note	2019 $	2018 $
Current assets			
Cash and cash equivalents	9	3,173,355	5,223,854
Trade and other receivables	10	616,615	686,142
Contract assets	11	38,670	-
Other current assets	12	305,204	59,637
Total current assets		**4,133,844**	**5,969,633**
Non-current assets			
Intangible assets	13	981,139	1,035,103
Plant and equipment	17	214,479	135,020
Contract assets	11	17,492	-
Other non-current assets	12	70,967	46,566
Total non-current assets		**1,284,077**	**1,216,689**
Total assets		**5,417,921**	**7,186,322**
Current liabilities			
Trade and other payables	19	1,578,844	1,613,885
Provisions	18	481,846	338,172
Borrowings	20	-	29,080
Total current liabilities		**2,060,690**	**1,981,137**
Non-current liabilities			
Provisions	18	22,808	125,878
Borrowings	20	-	-
Total non-current liabilities		**22,808**	**125,878**
Total liabilities		**2,083,498**	**2,107,015**
Net assets/(liabilities)		**3,334,423**	**5,079,307**
Equity			
Issued capital	21	45,484,270	45,242,507
Reserves	22	3,158,579	2,353,604
Accumulated losses	26	(45,308,426)	(42,516,804)
Total equity		**3,334,423**	**5,079,307**

The accompanying notes form part of these financial statements.

Consolidated statement of changes in equity

AS AT 30 JUNE 2019

	Issued Capital $	Accumulated Losses $	Reserves $	Total $
At 1 July 2017	22,301,567	(27,803,402)	2,331,458	(3,170,377)
Comprehensive income:				
Loss for the year	-	(14,713,402)	-	(14,713,402)
Total comprehensive income / (loss) for the year	**-**	**(14,713,402)**	**-**	**(14,713,402)**
Transactions with owners, in their capacity as owners				
Shares issued during the year	7,025,203	-	-	7,025,203
Vesting of performance shares and rights	13,487,600	-	-	13,487,600
Conversion of convertible notes to ordinary shares	2,804,319	-	-	2,804,319
Disposal of assets	-	-	(4,512)	(4,512)
Share-based payment – options, performance shares and rights	-	-	26,658	26,658
Capital raising costs	(376,182)	-	-	(376,182)
At 30 June 2018	**45,242,507**	**(42,516,804)**	**2,353,604**	**5,079,307**
At 1 July 2018	45,242,507	(42,516,804)	2,353,604	5,079,307
Comprehensive income:				
Loss for the year	-	(2,791,622)	-	(2,791,622)
Total comprehensive income / (loss) for the year	**-**	**(2,791,622)**	**-**	**(2,791,622)**
Transactions with owners, in their capacity as owners				
Shares issued during the year	231,763	-	-	231,763
Vesting of performance shares and rights	10,000	-	-	10,000
Share-based payment – options, performance shares and rights	-	-	804,975	804,975
Capital raising costs	-	-	-	-
At 30 June 2019	**45,484,270**	**(45,308,426)**	**3,158,579**	**3,334,423**

The accompanying notes form part of these financial statements.

Consolidated statement of cash flows

AS AT 30 JUNE 2019

	Note	2019 $	2018 $
Cash flows from operating activites			
Receipts from customers		8,817,964	8,057,768
Payments to suppliers and employees		(10,917,315)	(9,472,541)
Research and development tax offset		313,760	475,457
Finance costs		1,226	(156,523)
Interest received		25,129	2,335
Net cash used in operating activities	25	**(1,759,236)**	**(1,093,504)**
Cash flows from investing activities			
Receipt of capital grant		(63)	-
Payments for physical non-current assets		(260,945)	(22,265)
Payment for development of intangibles		-	(64,961)
Repayment of loans		(18,256)	-
Net cash used in investing activities		**(279,264)**	**(87,226)**
Cash flows from financing activites			
Proceeds from issue of shares		-	6,000,000
Net proceeds from borrowings		-	396,143
Payments for issue of shares		-	(376,183)
Net cash provided by financing activities		**-**	**6,019,960**
Net increase/(decrease) in cash and cash equivalents		**(2,038,500)**	**4,839,230**
Cash and cash equivalents at the beginning of the financial year		5,223,854	384,624
Exchange rate adjustments		(11,999)	-
Cash and cash equivalents at end of the financial year	9	**3,173,355**	**5,223,854**

The accompanying notes form part of these financial statements.

Consolidated notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2019

The consolidated financial statements and notes represent those of Vonex Limited and the entities it controlled during the year ("the consolidated entity"). Vonex Limited is a public company, incorporated and domiciled in Australia. The address of the Company's registered office and principal place of business is Level 8, 99 St Georges Terrace, Perth, WA, 6000.

The separate financial statements of the parent entity, Vonex Limited, have not been presented within this financial report as permitted by the *Corporations Act 2001*.

The financial statements were authorised for issue by the Board on 30 August 2019.

Note 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 the years presented, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

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

AASB 9 Financial Instruments

The consolidated entity has adopted AASB 9 from 1 January 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in Other Comprehensive Income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'Expected Credit Loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

AASB 15 Revenue from Contracts with Customers

The consolidated entity has adopted AASB 15 from 1 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period. Upon transition, the application of these new standard had impacted the financial position and financial performance of the consolidated entity with an increase to sales revenue of $56,162 and a corresponding increase in contract assets.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards, Interpretations of the Australian Accounting Standards Board, and International Financial Reporting Standards as issued by the International Accounting Standards Board. The consolidated entity is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below. They have been consistently applied unless otherwise stated. Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

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, and financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

All amounts are presented in Australian dollars.

Note 1: Statement of Significant Accounting Policies (continued)

a) Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and result of entities controlled by Vonex Limited at the end of the reporting period. A controlled entity is an entity over which Vonex Limited has the ability or right to govern the financial and operating policies so as to obtain benefits from the entity's activities. In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated entity have been eliminated in full on consolidation. Where controlled entities have entered or left the consolidated entity during the year, the financial performance of those entities is included only for the period of the year that they were controlled.

b) Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities. A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination one of the combining entities must be identified as the acquirer (i.e. parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognise, in the consolidated financial statements, and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed. In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and its fair value can be reliably measured.

The acquisition may result in the recognition of goodwill or a gain from a bargain purchase. The method adopted for the measurement of goodwill will impact on the measurement of any non-controlling interest to be recognised in the acquiree where less than 100% ownership interest is held in the acquiree.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements. Consideration may comprise the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer. Fair value uplifts in the value of pre-existing equity holdings are taken to the statement of profit and loss and other comprehensive income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

Included in the measurement of consideration transferred is any asset or liability resulting from a contingent consideration arrangement. Any obligation incurred relating to contingent consideration is classified as either a financial liability or equity instrument, depending upon the nature of the arrangement. Rights to refunds of consideration previously paid are recognised as a receivable. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability is remeasured each reporting period to fair value through the statement of profit and loss and other comprehensive income unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of profit or loss and other comprehensive income.

c) Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (revenue) is charged or credited outside profit or loss when the tax related to items that are recognised outside profit or loss.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

d) Plant and Equipment

Each class of plant and equipment is carried at cost or fair value, less, where applicable, any accumulated depreciation and impairment losses. 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 included 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 company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss.

Depreciation

The depreciable amount of plant and equipment is depreciated on the straight line method over their useful lives commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Furniture and Fixtures	15% - 25%
Plant and Equipment	15% - 33.3%
Leasehold Improvements	12%
Motor Vehicles	20%
Computer Equipment	50%

(i) Plant and Equipment

The asset's residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period. 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 profit or loss and other comprehensive income.

(ii) Impairment of Assets

At each reporting date, the consolidated entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit and loss and other comprehensive income immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised in the statement of profit and loss and other comprehensive income immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

Impairment testing is performed annually for intangible assets with indefinite useful lives.

(iii) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses in the periods in which they are incurred.

e) Employee Entitlements

Provision is made for the consolidated entity's obligation for short-term employee benefits. Short-term employee benefits are benefits that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The consolidated entity's obligations for short-term employee benefits such as wages and salaries are recognised as a part of current trade and other payables in the statement of financial position. The consolidated entity's obligations for employees' annual leave entitlements are recognised as provisions in the statement of financial position.

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Note 1: Statement of Significant Accounting Policies (continued)

e) Employee Entitlements (continued)

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

f) Provisions

Provisions are recognised when the consolidated entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

g) Financial Instruments

Recognition and initial measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

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 the statement of profit or loss and other comprehensive income immediately.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the consolidated 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 expire. 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 the statement of profit and loss and other comprehensive income.

Classification and Subsequent Measurement

(i) Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designed as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in the statement of profit or loss and other comprehensive income.

(ii) Loans and receivables

Loans and receivables (including allowances for expected credit losses) are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method. Loans and receivables are included in current assets, where they are expected to mature within 12 months after the end of the reporting period.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the consolidated entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method. Held-to-maturity investments are included in non-current assets where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as current assets.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

(v) Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment of Assets

At the end of each reporting date, the consolidated entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of profit or loss and other comprehensive income. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to the profit or loss at this point.

h) Cash and Cash Equivalents

Cash and equivalents include cash on hand, deposits held at call with banks and other short term highly liquid investments. For the purpose of the statement of cash flows, cash includes deposits at call, which are readily convertible to cash on hand and subject to an insignificant risk of changes in value.

i) Revenue and Other Income

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised. Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

Rendering of telecommunications services

Revenue from the rendering of retail telecommunications services includes the provision of data, internet, voice and other services. Revenue from the rendering of data and internet services to consumers and corporate customers is recognised on a straight-line basis over the period the service is provided. Revenue for voice services is recognised at completion of the call. Revenue from wholesale hosted PBX service customers is charged based on the number of PBX registrations recorded on a daily basis and invoiced monthly in arrears.

Where revenue for services is invoiced to customers and/or received in advance, the amount that is unearned at a reporting date is recognised in the statement of financial position as deferred income, and its recognition in the profit or loss is deferred until the period to which the invoiced amount relates.

Sale of goods

Revenue from the sale of goods represents sales of customer equipment to consumer and corporate customers. Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods or service.

Revenue arrangements with multiple deliverables

Where two or more revenue-generating activities or deliverables are sold under a single arrangement, each deliverable is considered to be a separate unit of accounting and is accounted for separately.

Interest

Revenue is recognised as the interest accrues using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

(j) Contract Assets

Contract assets are recognised when the consolidated entity has satisfied the performance obligations in the contract and either has not recognised a receivable to reflect its unconditional right to consideration or the consideration is not due. Contract assets are treated as financial assets for impairment purposes.

(k) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as they assets are substantially ready for their intended use of sale.

All other borrowing costs are recognised as an expense in the period in which they are incurred. Borrowing costs predominately consist of interest and other costs that the company incurs in connection with the borrowing of funds.

Note 1: Statement of Significant Accounting Policies (continued)

(l) Goods and Services Tax ("GST")

The company is registered for GST. Revenues, expenses and assets and liabilities are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office ("ATO"). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the item of the expense. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows.

(m) Trade and other payables

These amounts represent liabilities for goods, services and other commitments provided to the consolidated entity at the end of the reporting period that remain unpaid.

Trade payables are recognised at their transaction price. Trade payables are obligations on the basis of normal credit terms. Trade payables are predominately unsecured.

(n) Trade and other receivables

All trade receivables are recognised initially at the transaction price (i.e. cost) less any provision for impairment and allowance for any uncollectable amounts. Receivable terms for the consolidated entity are due for settlement within 4-30 days from the date of the invoice. Collect ability of trade debtors is reviewed on an ongoing basis.

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

At the end of each reporting period, the carrying amount of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in the statement of profit or loss and other comprehensive income. When identified, debts which are known to be uncollectible are written off.

(o) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(p) 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 consolidated entity.

There have been no judgements, apart from those involving estimation, in applying accounting policies that have a significant effect on the amounts recognised in these financial statements. Following is a summary of the key assumptions concerning the future and other key sources of estimation at reporting date that have not been disclosed elsewhere in these financial statements.

Share based payment transactions

The consolidated entity measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by management using an appropriate valuation model that use estimates and assumptions. Management exercises judgement in preparing the valuations and these may affect the value of any share-based payments recorded in the financial statements (refer to notes 31 for further details).

Impairment

The consolidated entity assesses impairment at the end of each reporting period by evaluation conditions and events specific to the consolidated entity that may be indicative of impairment triggers. Validity for future operations are all elements that are considered. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

(q) Segment Reporting

Identification of reportable operating segments

The consolidated entity is organised into three operating segments based on differences in products and services provided: computer manufacturing, computer retailing and computer distribution. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

Other segments represent the investment property holdings and rental income of the consolidated entity.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

Types of products and services

The principal products and services of each of these operating segments are as follows:

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

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

Corporate: engaged in managing the corporate affairs of the Group, including capital-raising its headquarters central functions as well as its risk management and self-insurance activities along with special development projects such as the Oper8tor App.

(r) Intangibles

Customer List

Customer List is amortised on a straight line basis over the period of 10 years from May 2013. The residual values and useful lives are reviewed annually at each balance date and adjusted, if appropriate.

Trademarks

Trademark is amortised on a straight line basis over the period of 10 years from April 2013. The residual values and useful lives are reviewed annually at each balance date and adjusted, if appropriate.

Patents

Patent is amortised on a straight line basis over the period of 10 years from April 2013. The residual values and useful lives are reviewed annually at each balance date and adjusted, if appropriate. The patent is covering the "Oper8tor" development as outlined in the Directors' Report.

(s) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

(t) Issued capital

Ordinary shares are classified as 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.

(u) Earnings Per Share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by weighted average number of ordinary shares outstanding during the financial year, adjusted for the bonus elements in ordinary shares issued during the year.

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.

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

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2019. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. Based on the current assessment, if the new standard was applied to the current year 30 June 2019, assets would increase by $832,902 and liabilities would increase by $863,305. Lease expense would decrease by $176,620, while interest expense would increase by $37,782.

Consolidated notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Note 2: Revenue

	2019 $	2018 $
Revenue from customers		
Sales revenue	8,801,740	8,067,027

Disaggregation of revenue

The disaggregation of revenue from customers is as follows:

Consolidated - 30 June 2019	Retail $	Wholesale $	Corporate $	Total $
Major service lines				
Telephony	5,708,657	–	–	5,708,657
Internet	1,363,759	–	–	1,363,759
Hardware	472,232	–	–	472,232
Hosted PBX	–	1,257,092	–	1,257,092
	7,544,648	**1,257,092**	**-**	**8,801,740**
Geographical regions				
Australia	7,544,648	1,207,610	–	8,752,258
United States of America	–	49,482	–	49,482
	7,544,648	**1,257,092**	**-**	**8,801,740**

Consolidated - 30 June 2018	Retail $	Wholesale $	Corporate $	Total $
Major service lines				
Telephony	5,517,653	–	–	5,517,652
Internet	1,051,043	–	–	1,051,043
Hardware	406,770	–	–	406,770
Hosted PBX	–	1,091,561	–	1,091,561
	6,975,466	**1,091,561**	**-**	**8,067,027**
Geographical regions				
Australia	6,975,466	1,043,930	–	8,019,396
United States of America	–	47,631	–	47,631
	6,975,466	**1,091,561**	**-**	**8,067,027**

Consolidated notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Note 3: Other Income

	2019 $	2018 $
Other income		
Interest received	23,764	2,335
Research & development tax offset	313,760	253,127
Government Incentive Rebate	1,500	-
Debt forgiveness	12,797	47,534
Other income	56,392	116,173
Total other income	**408,213**	**419,169**

Note 4: Loss for the year

	2019 $	2018 $
Loss before income tax includes the following specific expenses		
Expenses		
Depreciation and amortisation	(140,638)	(117,581)
Employee benefits expense (superannuation)	(234,669)	(148,380)
Finance costs	(5,867)	(607,753)
Rental expense on operating leases	**(214,430)**	**(269,492)**

Note 5: Income Tax Expense

	2019 $	2018 $
(a) Reconciliation		
The prima facie tax on the loss is reconciled to income tax expense as follows:		
Loss for the year	(2,791,622)	(14,713,402)
Prima facie tax expense at 27.5%	(767,696)	(4,046,185)
Non-deductible expenses	198,767	3,853,388
Non-assessable income	(86,284)	(69,610)
Deferred tax asset not brought to account	655,213	262,407
Income tax expense	**-**	**-**

Note 5: Income Tax Expense (continued)

(b) Deferred Tax Asset

Deferred tax asset not brought to account comprises the future benefits at applicable tax rates:

	2019 $	2018 $
Tax losses – revenue (resident)	5,997,272	5,364,232
Accruals and provisions	202,216	251,805
Business related costs	183,953	130,171
Other	(77,930)	6,769
	6,305,511	**5,752,977**

Resident tax losses calculated at the Australian income tax rate of 27.5%.

This asset has not been recognised as an asset in the statement of financial position as its realisation is not considered probable. The asset will only be obtained if:

(a) the company derives future assessable income of a nature and of an amount sufficient to enable the asset from the deductions for the loss to be realised;

(b) the company continues to comply with the conditions for deductibility imposed by the law; and

(c) no changes in tax legislation adversely affect the consolidated entity in realising the asset from deductions for the losses.

Note 6: Key Management Personnel Disclosures

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	2019 $	2018 $
Short-term employee benefits	727,539	591,152
Post-employment benefits	68,175	38,065
Share-based payments	342,538	1,105,537
	1,138,252	**1,734,754**

Note 7: Auditors' Remuneration

	2019 $	2018 $
Remuneration of the auditor:		
- auditing or reviewing the financial report	67,000	62,500
- other services	–	26,410
	67,000	**88,910**

Note 8: Earnings per Share

	2019 $	2018 $
Loss for the year	(2,791,622)	(14,713,402)
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic loss per share	No. Shares	No. Shares
	148,743,340	**68,909,223**

There is no dilution of shares due to options as the potential ordinary shares are not dilutive and are therefore not included in the calculation of diluted loss per share.

Note 9: Cash and Cash Equivalents

	2019 $	2018 $
Cash on hand	1,352	1,353
Cash at bank	3,172,003	5,222,501
	3,173,355	**5,223,854**

Note 10: Trade and Other Receivables

	2019 $	2018 $
Current		
Trade debtors	223,892	248,988
Less: Allowance for expected credit losses	(39,400)	(36,000)
	184,492	**212,988**
Other debtors	488,285	397,869
GST	48,247	75,285
	672,777	**686,142**

Allowance for expected credit losses

The consolidated entity has recognised a loss of $11,270 in profit or loss in respect of the expected credit losses for the year ended 30 June 2019.

The ageing of the receivables and allowance for expected credit losses provided for the above are as follows

	Expected credit loss rate 2019 %	Carrying amount 2019 $	Allowance for expected credit losses 2019 $
Consolidated			
0 to 3 months overdue	2%	184,914	3,696
3 to 6 months overdue	73%	12,723	9,349
Over 6 months overdue	100%	26,355	26,355
		223,892	**39,400**

Movements in the allowance for expected credit losses (2018: provision for impairment of receivables) are as follows:

	2019 $	2018 $
Reconciliation:		
Opening balance	36,000	15,000
Additions	10,209	21,599
Receivables written off during the year as uncollectable	(6,809)	(599)
Closing balance	**39,400**	**36,000**

Note 11: Current Assets – Contract Assets

	2019	2018
	$	$
Current		
Contract assets	38,670	–
Non-current		
Contract assets	17,492	–
Reconciliation:		
Reconciliation of the written down values at the beginning and end of the Current and previous financial year are set out below:		
Balance at the beginning of the year	–	–
Additional provision	73,467	–
Transfer to sales adjustments	(17,305)	–
Balance at the end of the year	**56,162**	**–**

Note 12: Other Assets

	2019	2018
	$	$
Current		
Bonds/deposits paid	–	31,332
Prepayments	305,204	28,305
	305,204	**59,637**
Non-current		
Bonds/deposits paid (i)	70,967	46,566
	70,967	**46,566**

(i) Covers bank guarantee facilities that are in place securing leased premises for staff and operations based in Brisbane, QLD and Melbourne, VIC and bond paid on office premises in Perth, WA. Funds held in a bank term deposit are securing the bank guarantee facility. The bank guarantee facilities will be in place for the term of the property lease.

Note 13: Intangible assets

	2019	2018
	$	$
Customer list	720,081	720,081
Less: Accumulated amortisation	(444,234)	(372,151)
	275,847	**347,930**
Borrowing Costs - at cost	1,762	1,762
Less: Accumulated amortisation	(1,762)	(1,080)
	-	**682**
Acquisition of IP (Oper8tor)	600,000	600,000
	600,000	**600,000**
Patents and trademarks - at cost	125,009	95,520
Less: Accumulated amortisation	(21,788)	(11,100)
	103,221	**84,420**
Domain name acquisition	2,071	2,071
	2,071	**2,071**
	981,139	**1,035,103**

Note 14: Intangible assets

Reconciliations

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

	Customer list	Borrowing Costs	Oper8tor	Patents and trademarks	Domain name	Total
Consolidated						
Balance at 30 June 2017	347,930	682	600,000	84,420	2,071	1,035,103
Additions/(Disposal)	-	593	600,000	64,368	-	664,961
Amortisation expense	(72,082)	(320)	-	(5,108)	-	(77,510)
Balance at 30 June 2018	**347,930**	**682**	**600,000**	**84,420**	**2,071**	**1,035,103**
Additions/(Disposal)	-		-	29,489	-	29,489
Amortisation expense	(72,083)	(682)	-	(10,688)	-	(83,453)
Balance at 30 June 2019	**275,847**	**-**	**600,000**	**103,221**	**2,071**	**981,139**

Note 15: Subsidiaries

(a) Parent entity

The parent entity within the Group is Vonex Ltd.

(b) Subsidiaries

Subsidiaries	Country of incorporation	Class of shares	Ownership Interest	
			2019	2018
IP Voice and Data Pty Ltd (ABN 45 147 537 871)	AUS	Ordinary	100%	100%
VoNEX Holdings Pty Ltd (ACN 161 709 002)	AUS	Ordinary	100%	100%
Oper8tor Pty Ltd (ABN 14 601 220 633)	AUS	Ordinary	100%	100%
Vonex Wholesale Ltd (ABN 98 138 093 482)	AUS	Ordinary	100%	100%
Subsidiaries of IP Voice and Data Pty Ltd				
Itrinity Australia Pty Ltd (ACN 131 196 886)	AUS	Ordinary	100%	100%

Note 16: Parent Entity Disclosures

Financial Position

	2019	2018
	$	$
Assets		
Current assets	3,184,395	4,763,314
Non-current assets	745,411	753,277
Total assets	**3,929,806**	**5,516,591**
Liabilities		
Current liabilities	488,455	787,784
Non-current liabilities	1,532,501	1,676,130
Total liabilities	2,020,956	2,463,914
Net Assets	**1,908,850**	**3,052,677**
Equity		
Issued capital	111,143,166	110,901,403
Reserves	3,143,977	2,339,002
Accumulated losses	(112,378,293)	(110,187,728)
Total Equity	**1,908,850**	**3,052,677**
Financial Performance		
Profit for the year	(2,190,565)	(12,543,589)
Other comprehensive income	-	-
Total comprehensive income for the year	**(2,190,565)**	**(12,543,589)**

Guarantees

Vonex Ltd has not entered into any guarantees in relation to the debts of its subsidiary (2018: nil).

Commitments for expenditure

Vonex Ltd has no commitments to acquire property, plant and equipment, and has no contingent liabilities (2018: nil).

Note 17: Plant and Equipment

	2019 $	2018 $
Leasehold improvements		
At cost	34,282	31,517
Accumulated depreciation	(5,342)	(6,769)
	28,940	**24,748**
Plant and Equipment		
At cost	117,077	112,641
Accumulated depreciation	(60,451)	(57,849)
	56,626	**54,792**
Office & Computer equipment		
At cost	371,542	511,508
Accumulated depreciation	(244,345)	(459,533)
	127,197	**51,975**
Licenses & Development (inc. software)		
At cost	249,587	255,509
Accumulated depreciation	(247,869)	(252,004)
	1,718	**3,505**
Total plant and equipment	**214,479**	**135,020**

Movements in Carrying Amounts

Movement in the carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year:

	Leasehold Improvements	Plant & Equipment	Office & Computer	Licences & Development	Total
Balance at 1 July 2017	27,490	70,027	52,112	7,710	157,339
Additions			23,942	–	23,942
Grant Funding Received	–	(2,332)	(3,014)	(844)	(6,190)
Depreciation	**(2,742)**	**(12,903)**	**(21,065)**	**(3,361)**	**(40,071)**
Carrying amount at 30 June 2018	24,748	54,792	51,975	3,505	135,020

	Leasehold Improvements	Plant & Equipment	Office & Computer	Licences & Development	Total
Balance at 1 July 2018	24,748	54,792	51,975	3,505	135,020
Additions	31,071	19,193	110,564	–	160,828
Disposal / Write off	(21,281)	(2,870)	–	(34)	(24,185)
Depreciation	(5,598)	(14,489)	(35,344)	(1,753)	(57,184)
Carrying amount at 30 June 2019	**28,940**	**56,626**	**127,195**	**1,718**	**214,479**

Consolidated notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Note 18: Provisions

	2019	2018
	$	$
Current		
Annual leave	339,166	338,172
Long service leave	142,680	-
	481,846	**338,172**
Non-current		
Long service leave	22,808	125,878
	22,808	**125,878**

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

Movements in Carrying Amounts

	2019	2018
	$	$
Carrying amount at the start of the year	464,050	415,148
Additional provisions recognized	149,180	219,180
Amounts used	(108,576)	(170,278)
Carrying amount at the end of the year	**504,654**	**464,050**

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the consolidated entity does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the consolidated entity does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision pertains to amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

Note 19: Trade and Other Payables

	2019 $	2018 $
Trade payables	1,058,971	1,036,836
VISA card account	4,042	(4,437)
PAYG withholding	57,138	28,866
GST	48,247	–
Superannuation guarantee	56,276	246,080
Other payables and accruals	354,170	306,540
	1,578,844	**1,613,885**

Trade creditors are expected to be paid within agreed terms.

Note 20: Borrowings

	2019 $	2018 $
Current		
Unsecured		
Interest bearing loan	–	18,256
Convertible notes	–	1,035
	-	**19,291**
Secured		
Finance lease – interest bearing	–	9,789
	-	**9,789**
	-	**29,080**

Consolidated notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Note 21: Issued Capital

	2019		2018	
	$	No.	$	No.
Fully paid ordinary shares	45,484,270	149,343,362	45,242,507	147,596,560

		$	No.	Issue price $
Movement in ordinary shares				
Balance at 30 June 2017		**22,301,567**	**608,398,417**	
Issue of shares – Acquisition of Intellectual Property	28/07/2018	600,000	30,000,000	0.02
Share Capital Consolidation (5:1)	28/07/2018		(510,719,557)	
Shares issued in settlement of borrowings	01/08/2018	380,000	3,800,000	0.10
Shares issued in settlement of trade payables	01/08/2018	45,203	452,030	0.10
Share Capital Consolidation (2:1)	29/01/2019		(65,965,941)	
Vesting of Class B vendor shares	07/06/2019	6,000,000	13,333,311	0.45
Vesting of Class C vendor shares	07/06/2019	6,000,000	13,333,311	0.45
Vesting of Tranche 1 performance rights	07/06/2019	1,452,000	7,260,000	0.20
Vesting of Vodia performance shares	07/06/2019	35,600	178,000	0.20
Issue of Initial Public Offer shares	07/06/2019	6,000,000	30,000,000	0.20
Conversion of convertible notes to ordinary shares	07/06/2019	2,804,319	17,526,989	0.16
Capital raising costs		(376,182)		
Balance at 30 June 2018		**45,242,507**	**147,596,560**	
Issue of shares in lieu of services	17/12/2018	186,905	1,289,000	0.145
Vesting of Vodia performance shares	14/02/2019	10,000	50,000	0.20
Issue of shares in satisfaction of promotional and marketing services	05/06/2019	44,858	407,802	0.11
Balance at 30 June 2019		**45,484,270**	**149,343,362**	

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.

At the shareholders meetings each ordinary share is entitled to one vote. The company does not have authorised share capital and there is no par value for shares.

Capital Risk Management

The Company is not subject to any externally imposed capital requirements.

Management's objectives when managing capital is to ensure the company continues as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders.

The company's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

Note 21: Issued Capital (continued)

The working capital position of the company at 30 June 2019 and 30 June 2018 are as follows:

	2019	2018
	$	$
Total borrowings (including trade and other payables)	1,578,844	1,642,965
Less: cash and cash equivalents	(3,173,355)	(5,223,854)
Net debt	**(1,594,511)**	**(3,580,889)**
Total equity	3,334,423	5,079,307
Total capital	**1,739,912**	**1,498,418**

Note 22: Reserves

	2019	2018
	$	$
Asset revaluation reserve	14,602	14,602
Options premium reserve	1,861,296	1,660,694
Share-based payments reserve	1,282,681	678,308
Balance at the end of the year	**3,158,579**	**2,353,604**

Asset revaluation reserve

	2019	2018
	$	$
Balance at the beginning of the year	14,602	19,114
Reduction in reserve – disposal of assets	–	(4,512)
Balance at the end of the year	**14,602**	**14,602**

The reserve records revaluations of non-current assets.

Options premium reserve

	2019	2018
	$	$
Balance at the beginning of the year	1,660,694	–
Expense relating to options issued	200,602	1,660,694
Balance at the end of the year	**1,861,296**	**1,660,694**

Note 22: Reserves (continued)

Share-based payments reserve

	2019	2018
	$	$
Balance at the beginning of the year	678,308	2,312,344
Expense related to performance shares issued 20 September 2016	-	10,050,516
Expense related to performance rights issued 20 September 2016	117,000	117,000
Expense related to Vodia performance shares issued 14 July 2018	8,686	53,656
Expense related to performance rights issued 28 July 2017	488,687	1,904,537
Forfeiture of performance rights issued 20 September 2016	-	(272,145)
Conversion of Vodia Performance Shares to ordinary shares (note 19)	(10,000)	(35,600)
Conversion of Tranche 1 performance shares to ordinary shares (note 19)	-	(1,452,000)
Conversion of Class B performance shares to ordinary shares (note 19)	-	(6,000,000)
Conversion of Class C performance shares to ordinary shares (note 19)	-	(6,000,000)
Balance at the end of the year	**1,282,681**	**678,308**

The reserve records the valuation of performance shares and performance rights issued to vendors (shares) and key management personnel (rights).

Note 23: Contingent Liabilities and Contingent Assets

Contingent Liabilities
There were no known contingent liabilities at reporting date (2018: nil).

Contingent Assets
There are no contingent assets at reporting date (2018: nil).

Note 24: Operating Segments

Identification of reportable segments

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

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

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

> **Corporate:** engaged in managing the corporate affairs of the Group, including capital-raising its headquarters central functions as well as its risk management and self-insurance activities along with special development projects such as the Oper8tor App.

Basis of accounting for purposes of report by operating segments

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

Segment assets and liabilities

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

Unallocated items

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

Note 24: Operating Segments (continued)

Unallocated items

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

Segment information

The segment information provided to the Board of Directors for the reportable segments for the year ended 30 June 2019 and 30 June 2018 are as follows:

Segment performance

	30 June 2019			
	Wholesale $	Retail $	Corporate $	TOTAL $
External customer sales	1,257,092	7,544,648	–	8,801,740
Other revenues	26,755	14,298	343,396	384,449
Interest received	1	1,012	22,751	23,764
Total segment revenues	**1,283,848**	**7,559,957**	**366,148**	**9,209,953**
EBITDA	**230,845**	**492,266**	**(3,391,993)**	**(2,668,882)**
Depreciation and amortisation	(10,575)	(20,854)	(109,208)	(140,637)
Interest revenue	1	1,012	22,751	23,764
Finance costs	1,992	(773)	(7,086)	(5,867)
Segment Profit / (loss) after income tax expenses	**222,263**	**471,651**	**(3,485,536)**	**(2,791,622)**
Segment assets	156,675	2,176,030	3,085,216	5,417,921
Total assets				**5,417,921**
Segment liabilities	215,174	1,283,374	584,950	2,083,498
Total Liabilities				**2,083,498**

Note 24: Operating Segments (continued)

Segment performance

	30 June 2018			
	Wholesale	Retail	Corporate	TOTAL
	$	$	$	$
External customer sales	1,091,561	6,975,466	–	8,067,027
Other revenues	35,000	–	381,834	416,834
Interest received	–	1,030	1,305	2,335
Total segment revenues	**1,126,561**	**6,976,496**	**383,139**	**8,486,196**
EBITDA	**176,110**	**1,146,909**	**(15,313,422)**	**(13,990,403)**
Depreciation and amortisation	(17,234)	(6,968)	(93,379)	(117,581)
Interest revenue	–	1,030	1,305	2,335
Finance costs	(40,899)	(6,294)	(560,560)	(607,753)
Segmented Profit / (loss) after income tax expenses	117,977	1,134,677	(15,966,056)	(14,713,402)
Segment assets	128,414	1,216,061	5,841,847	7,186,322
Total assets				**7,186,322**
Segment liabilities	328,292	990,547	788,176	2,107,015
Total liabilities				**2,107,015**

Note 25: Cash Flow Information

	2019 $	2018 $
(a) Reconciliation of Cash Flows from Operations with Loss after Income Tax		
Loss after income tax	(2,791,622)	(14,713,402)
Non-cash items:		
Depreciation and amortisation expense	140,637	117,581
Interest accrued on convertible notes	-	430,158
Promotion expenses – equity settled	38,280	-
Share based payments	1,008,458	13,514,260
Loss on disposal of assets/investments	24,185	-
Bad debts	11,270	-
Interest adjustments	(1,975)	-
Other	5,285	-
Debt forgiven	(12,797)	(47,534)
Changes in assets and liabilities:		
Trade and other receivables		
- trade and other receivables (current)	69,527	123,624
- other assets	(326,130)	(6,032)
- provisions	40,604	48,902
- trade and other payables	35,041	(561,061)
Cash flow used in operating activities	**(1,759,235)**	**(1,093,504)**

Note 26: Accumulated Losses

	2019 $	2018 $
Accumulated losses at beginning of financial year	(42,516,804)	(27,803,402)
Net loss attributable to members of the company at end of financial year	(2,791,622)	(14,713,402)
Accumulated losses at end of financial year	**(45,308,426)**	**(42,516,804)**

Note 27: Events after the Reporting Period

Subsequent to the reporting period on 16 August 2019 Vonex advised that it had surpassed 31,000 registered daily active PBX users. This milestone is the latest in a consistent period of growth for the Company, with a key recent development being over 40% growth in orders processed through Vonex's channel-focused sales software, Sign On Glass, in the past two months – adding more than 400 new orders since mid-June.

In addition, Vonex advised it had launched its partnership program with Qantas Airways as a VoIP and Hosted Phone System telco provider to the Qantas Business Rewards (QBR) program, as first announced to the ASX on 19 June 2019.

On 22 August 2019 the Company announced it had lodged a new application with the Patent Office to protect the IP surrounding the unique Message functionality of its Oper8tor aggregated communications platform.

Apart from the disclosures made within this report, no other matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Consolidated notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Note 28: Related Party Transactions

Parent entity

The parent entity within the Group is Vonex Ltd.

Subsidiaries

Interests in subsidiaries are set out in Note 15.

Key management personnel

Disclosures relating to key management personnel are set out in Note 6.

Transactions with related parties

The following transactions occurred with related parties:

	2019	2018
	$	$
Services provided:		
Company secretarial, corporate compliance and accounting fees from Minerva Corporate (director-related entity of Nicholas Ong)	54,000	195,904
Payments for legal fees from Bowen Buchbinder Vilensky (director-related entity of David Vilensky)	40,550	99,714

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	2019	2018
	$	$
Current payables:		
Trade payables to Minerva Corporate (director-related entity of Nicholas Ong)	9,900	8,766
Trade payables to The Telephone people & Sliver Consulting (director-related entity of Matthew Fahey)	-	56,032

Note 29: Financial Instruments (continued)

The consolidated entity's financial instruments consist mainly of deposits with banks, short term investments and accounts receivable and payable, loans to and from related parties and commercial loans. The main risks the consolidated entity is exposed to through its financial instruments are interest rate risk, credit risk, liquidity risk, price risk and foreign exchange risk.

(a) Interest Rate Risk

The consolidated entity's exposure to interest rate risk, which is the risk that a financial instrument will fluctuate as a result of changes in market interest rates and effective average interest rates on those financial assets and liabilities.

The majority of cash at bank held by the consolidated entity is in deposit accounts with one of the four large Australian Banks. Considering the amount of surplus working capital cash held by the consolidated entity during the last 12 months in these deposit accounts, the Board believes this was the most appropriate to ensure an adequate return being received on funds held.

There are inter-company loans in place within the consolidated entity and these facilities currently attract no exposure to interest rate risk.

The consolidated entity continues to manage its interest rate risk through a constant monitoring of interest rates, budgets and cash flows.

	Weighted Average Interest Rate	Floating Interest Rate	Fixed Interest Rate Within 1 Year	Fixed Interest Rate Within 1-5Years	Non-Interest Bearing	Total
	%	$	$	$	$	$
2019						
Financial Assets:						
Cash	1.0	3,172,003	–	–	1,352	3,173,355
Receivables	–	–	–	–	536,532	536,532
Total financial assets		**3,172,003**	**-**	**-**	**537,884**	**3,709,887**
Financial Liabilities:						
Payables	–	–	–	–	1,530,597	1,530,597
Borrowings	5.0	–	–	–	–	–
Total financial liabilities		**-**	**-**	**-**	**1,530,597**	**1,530,597**
Net financial assets		**3,172,003**	**-**	**-**	**(992,714)**	**2,179,290**

	Weighted Average Interest Rate	Floating Interest Rate	Fixed Interest Rate Within 1 Year	Fixed Interest Rate Within 1-5Years	Non-Interest Bearing	Total
	%	$	$	$	$	$
2018						
Financial Assets:						
Cash	1.0	5,222,501	–	–	1,353	5,223,854
Receivables	–	–	–	–	686,142	686,142
Total financial assets		**5,222,501**	**-**	**-**	**687,495**	**5,909,996**
Financial Liabilities:						
Payables	–	–	–	–	1,613,885	1,613,885
Borrowings	5.0	18,256	10,824	–	–	29,080
Total financial liabilities		**18,256**	**10,824**	**-**	**1,613,885**	**1,642,965**
Net financial assets		**5,204,245**	**(10,824)**	**-**	**(926,390)**	**4,267,031**

Sensitivity Analysis

The effect on profit and equity as a result of changes in interest rates on net financial assets is immaterial.

Note 29: Financial Instruments (continued)

(b) Credit Risk

Credit risk related to balances with banks and other financial institutions is managed by the board of directors in accordance with approved Board policy. Such policy requires that surplus funds are only invested with counterparties with a Standard & Poor's rating of at least AA-. The following table provides information regarding the credit risk relating to cash and money market securities based on Standard & Poor's counterparty credit ratings.

	Note	2019	2018
		$	$
Cash and cash equivalents			
– AA Rated	8	3,173,355	5,223,854

The maximum exposure to credit risk is the carrying amount as disclosed in the consolidated statement of financial position and notes to the financial statements.

The consolidated entity's assets have been pledged to secure borrowings and guarantees are in place for certain borrowings and supplier agreements. All repayment obligations are up to date and within terms of the individual agreements in place at balance date.

Trade and other receivables are within normal terms and appropriate provisions for doubtful debts have been made. Carrying value approximates fair value at 30 June 2019.

(c) Net Fair Values

The net fair value of financial assets and liabilities of the consolidated entity approximated their carrying amount. The consolidated entity has no financial assets and liabilities where the carrying amount exceeds the net fair value at reporting date. The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and notes to the financial statements.

(d) Liquidity Risk

Liquidity risk arises from the possibility that the consolidated entity might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The consolidated entity manages this risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities
- obtaining funding from a variety of sources
- maintaining a reputable credit profile
- managing credit risk related to financial assets
- investing only in surplus cash with major financial institutions
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets

The consolidated entity does not have a significant exposure in terms of financial liabilities or illiquid financial assets and is able to settle its debts or otherwise meet its obligations related to financial liabilities.

Note 29: Financial Instruments (continued)

(d) Liquidity Risk (continued)

The financial asset and financial liability maturity analysis are as follows:

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	$	$	$	$	$	$	$	$
Financial liabilities								
Payables	1,530,597	1,613,885	–	–	–	–	1,530,597	1,613,885
Borrowings	–	29,080	–	–	–	–	–	29,080
Total expected outflows	**1,530,597**	**1,642,965**	**-**	**-**	**-**	**-**	**1,530,597**	**1,642,965**
Financial assets								
Cash and cash equivalents	3,173,355	5,223,854	–	–	–	–	3,173,355	5,223,854
Receivables	624,530	686,142	–	–	–	–	624,530	686,142
Total anticipated inflows	**3,797,885**	**5,909,996**	**-**	**-**	**-**	**-**	**3,797,885**	**5,909,996**
Net inflow / (outflow) on financial instruments	**2,267,288**	**4,267,031**	**-**	**-**	**-**	**-**	**2,267,288**	**4,267,031**

(e) Foreign Exchange Risk

The consolidated entity does have a minor exposure to fluctuations in foreign currencies between the US and Australian dollar. Some wholesale customers are based in the United States of America and monthly invoices are rendered in US dollars. When invoices are paid the proceeds are converted into Australian dollars. Depending on exchange rate fluctuations from the time the invoice is rendered and subsequently paid, the consolidated entity may have an associated exchange rate gain or loss. Management will continue to conduct monitoring reviews on an ongoing basis of its USA based customers.

Note 30: Commitments for Expenditure

(a) Operating Lease Commitments

	2019	2018
	$	$
Payable:		
No later than twelve months	186,869	266,767
One to five years	598,608	180,924
Greater than five years	–	–
	785,477	**447,691**

Amount shown are GST inclusive, where applicable.

Consolidated notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Note 31: Share Based Payments

The total expense arising from share based payment transactions recognised during the year in relation to the performance rights, performance shares and options issued was $1,008,458 (2018: $13,514,260).

Share Based Payment Expense

	2019	2018
	$	$
Performance Rights – Key Management Personnel – 20 September 2016	117,000	(155,145)
Performance Rights – Vodia Networks Inc - 14 July 2018	8,686	53,657
Performance Rights – Key Management Personnel – 28 July 2017	488,687	1,904,537
Performance Shares	-	10,050,517
Issue of ordinary shares in lieu of services	148,625	-
Issue of shares in satisfaction of promotional and marketing services	44,858	-
Options	200,602	1,660,694
Total Share Based Payment Expense	**1,008,458**	**13,514,260**

Movement in share rights and performance shares during the period

	Number of performance rights	Weighted average exercise price ($)
Balance at beginning of period	27,610,000	-
Vested during the period	(50,000)	-
Balance at end of period	**27,560,000**	**-**

Performance rights granted during the period:

Total performance rights granted during the period was $nil (2018: 34,268,000).

Performance Rights – Vodia Networks Inc - 14 July 2017

Vonex Ltd issued 328,000 performance rights to Vodia Networks Inc in four tranches. Each performance right will convert into 1 ordinary share of Vonex Ltd upon achievement of the performance milestone. The company has assessed each class as being probable of being achieved and have therefore recognized an expense over the expected vesting period.

The details of each tranche are tabled below:

Tranche	Number	Start Date	Expected Date of Milestone Achievements	Underlying Share Price	Total Fair Value
1	178,000	14/07/17	Vested	$0.20	$35,600
2	50,000	14/07/17	Vested	$0.20	$10,000
3	50,000	14/07/17	01/07/19	$0.20	$10,000
4	50,000	14/07/17	01/07/20	$0.20	$10,000

These performance rights were valued at their issue dates at $65,600.

Note 31: Share Based Payments (continued)

Performance Milestones:

- Tranche 1 has vested – 30 April 2018
- Tranche 2 performance rights convert on 1 July 2019.
- Tranche 3 performance rights convert on 1 July 2019.
- Tranche 4 performance rights convert on 1 July 2020.

Performance Rights – Key Management Personnel – 28 July 2017

On 28 July 2017, Vonex Ltd issued 16,940,000 performance rights to management. These performance rights were issued in three tranches, each with different performance milestones. Each performance right will convert into 1 ordinary share of Vonex Ltd upon achievement of the performance milestone.

The company has assessed tranche 1, 2 and 3 as being probable of being achieved and have therefore recognized an expense over the expected vesting period.

The details of each class are tabled below:

Tranche	Number	Start Date	Expected Date of Milestone Achievements	Underlying Share Price	Total Fair Value
1	7,260,000	28/07/17	Vested	$0.20	$1,452,000
2	4,840,000	28/07/17	28/07/21	$0.20	$968,000
3	4,840,000	28/07/17	28/07/21	$0.20	$968,000

These performance rights were valued at their issue dates at $3,388,000.

Performance Milestones:

- On 29 January 2018, the performance rights relating to Tranche 1 were amended such that the 7,260,000 vest upon a successful listing on the Australia Securities Exchange.
- Tranche 2 performance rights are outstanding – Convertible upon company achieving audited gross revenue of $15 million in a financial year.
- Tranche 3 performance rights are outstanding – Convertible upon company achieving audited net profit after tax of $1 million in a financial year.

Performance Rights – Intellectual Property Consideration Securities – 28 July 2017

On 28 July 2017, Vonex Ltd issued 17,000,000 performance rights to Mr Angus Parker and Mr Matthew Fahey as the inventors of the Oper8tor App in consideration for them executing a deed of confirmation of assignment of patent agreement to confirm the Company's ownership of the Oper8tor intellectual property.

No value has been allocated to the performance rights due to significant uncertainty of the meeting the performance milestone which are based on future events.

Performance Milestones:

a) 2,000,000 Performance Rights which shall vest and convert into ordinary fully paid shares in the issued share capital of the Assignee upon completion of the beta version of the Oper8tor App and commencement of the official Oper8tor launch in Europe;

b) 5,000,000 Performance Rights which shall vest and convert into ordinary fully paid shares in the issued share capital of the Assignee when Oper8tor reaches 10 million Active Users; and

c) 10,000,000 Performance Rights which shall vest and convert into ordinary fully paid shares in the issued share capital of the Assignee when Oper8tor reaches 50 million Active Users.

On 28 July 2017 Vonex Ltd also issued 3,000,000 to Mr Angus Parker and Mr Matthew Fahey fully paid ordinary shares for assignment of the intellectual property relating to the communication platform known as Oper8tor to the Company.

Where applicable, amounts reported above, have been adjusted for the 2:1 share consolidation completed on 29 January 2018.

Consolidated notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Note 31: Share Based Payments (continued)

Performance Rights – Key Management Personnel – 20 September 2016

Vonex Ltd issued 2,340,000 performance rights to Executive Directors, management personnel, the Chairman and a non-executive director. These performance rights were issued in three tranches, each with different performance milestones. Each performance right will convert into 1 ordinary share of Vonex Ltd upon achievement of the performance milestone.

The company has assessed each class as being probable of being achieved and have therefore recognised an expense over the expected vesting period. The details of each class are tabled below:

Tranche	Number	Start Date	Expected Date of Milestone Achievements	Underlying Share Price	Total Fair Value
1	780,000	20/09/16	Forfeited	$0.45	$351,000
2	780,000	20/09/16	Vested	$0.45	$351,000
3	780,000	20/09/16	20/09/19	$0.45	$351,000

These performance rights were valued at their issue dates at $1,053,000.

Performance Milestones:

- Tranche 1 performance rights were forfeited and amounts previously recorded was reversed during the period as the vesting conditions were not satisfied.
- Tranche 2 performance rights vested 23 June 2018.
- Tranche 3 performance rights are outstanding – Convertible upon company reaching $10 million annualised revenue per annum in any quarter.

Options granted during the period

Amounts below have been adjusted for the 2:1 share consolidation completed on 29 January 2018. Total options granted during the period was 36,853,481.

Grant date	Expiry date	Exercise Price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited	Balance at the end of year
03/08/17	03/08/20	$0.90	133,750	-	-	-	133,750
07/06/18 (i)	07/06/20	$0.20	7,500,000	-	-	-	7,500,000
07/06/18	07/06/23	$0.30	14,500,000	-	-	-	14,500,000
30/11/17 (i)	30/11/22	$0.20	14,719,731	-	-	-	14,719,731
05/06/19	30/11/22	$0.20	-	3,215,060	-	-	3,215,060
05/06/19	30/11/22	$0.20	-	1,800,000	-	-	1,800,000
			36,853,481	**5,015,060**	**-**	**-**	**41,868,541**

Weighted average exercise price: $0.2369

The weighted average remaining contractual life of options outstanding was 3.15 years

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
05/06/19	30/11/22	$0.10	$0.20	80%	0%	2%	128,602
05/06/19	30/11/22	$0.10	$0.20	80%	0%	2%	72,000
							200,602

In addition, the weighted average exercise price for the options issued as SBP's is $0.20 and the weighted average years to expiry is 3.42 years.

i. Options granted on 3 August 2017 and 7 June 2018 were free attaching options, the value of these options are not required to be valued separately, as they are part of the share issue, and all the shares issued have been valued in the issued capital account.

ii. Where applicable, amounts in the tables above, have been adjusted for the 5:1 and 2:1 share consolidation completed on 28 July 2017 and 29 January 2018 respectively.

Note 32: Company Details

The registered office and principal place of business is:

Level 8, 99 St Georges Terrace, Perth, WA, 6000

DIRECTORS' DECLARATION

In the directors' opinion

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

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

Nicholas Ong
Chairman

30 August 2019

RSM Australia Partners

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF VONEX LIMITED

Opinion

We have audited the financial report of Vonex Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and

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

Basis for Opinion

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

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

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

Key Audit Matters

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

Key audit matter	How our audit addressed this matter
Intangible assets Refer to Note 13 in the financial statements	
The Group has intangible assets of $981,139 at the reporting date. Intangible assets of $600,000 relating to the Oper8tor communication platform which at the reporting date was not yet available for use is required to be tested annually for impairment by comparing its carrying amount with its recoverable amount. Management's assessment determined that the recoverable amount of this asset exceeded its carrying value at the reporting date. For the remaining intangible assets of $381,139 relating to intangible assets amortised over their useful life, management is required to assess at the reporting date whether there is any indication that these assets may be impaired. Management did not identify any indicators of impairment, and therefore no impairment test was required to be performed. We determined this area to be a key audit matter due to the significant management judgement involved in assessing the recoverable amount of the Oper8tor communication platform and whether indicators of impairment are present in relation to the Group's other intangible assets.	Our audit procedures in relation to the Oper8tor communication platform included: • Reviewing management's assessment that the Oper8tor communication platform was not yet available for use at the reporting date; and • Evaluating and testing the basis used by management in determining the recoverable amount of the Oper8tor communication platform. Our audit procedures in relation to the intangible assets amortised over their useful life included: • Reviewing management's assessment that no impairment indicators were present; and • Enquiring with management and reviewing budgets to assess the future cash flows associated with the intangible assets; and • Checking the mathematical accuracy of the amortisation expense of the intangible assets.

Share based payments Refer to Note 31 in the financial statements	
During the year, the Company issued 5,015,060 options. Management used a valuation model to value these options issued. We determined this to be a key audit matter due to the significant judgement involved in assessing the fair value of these share-based payments issued during the year.	Our audit procedures included: • Obtaining the valuation model and assessing whether the model was appropriate for valuing the options issued during the year; • Checking the mathematical accuracy of the calculations in the model; • Assessing the inputs and reasonableness of the assumptions used in the valuation model; and • Ensuring the disclosures in the financial report were in accordance with Accounting Standards.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019 but does not include the financial report and the auditor's report thereon.

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

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

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

Responsibilities of the directors for the financial report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the remuneration report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Vonex Limited, for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with 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.

RSM

RSM AUSTRALIA PARTNERS

TUTU PHONG
Partner

Perth, WA
Dated: 30 August 2019

Additional Information

FOR THE YEAR ENDED 30 JUNE 2019

SHAREHOLDER INFORMATION (as at 23 August 2019)

(i) Number of shareholders: 1,420

(ii) Ordinary shares issued: 149,343,362

(iii) Distribution schedule of holdings of ordinary shares is set out below

Category (size of holding)	Holders	Total Units
1 – 1,000	184	56,987
1,001 – 5,000	346	1,180,221
5,001 – 10,000	290	2,190,478
10,001 – 100,000	444	15,286,436
100,001 – and over	156	130,629,240
Total	**1,420**	**149,343,362**

(iv) Distribution schedule of holdings of quoted options is set out below

Category (size of holding)	Holders	Total Units
1 – 1,000	0	0
1,001 – 5,000	41	129,431
5,001 – 10,000	16	111,250
10,001 – 100,000	36	975,999
100,001 – and over	4	6,283,320
Total	**97**	**7,500,000**

VOTING RIGHTS

Ordinary Shares
Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

Options & Performance Rights
There are no voting rights attached to any class of options, performance shares or performance rights that are on issue.

TOP 20 HOLDERS OF ORDINARY FULLY PAID SHARES AT 23 August 2019

Rank	Name	Units	% Units
1	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	22,457,855	15.04
2	FINANCE WEST PTY LTD <FINANCE WEST UNIT A/C>	16,203,739	10.85
3	CARMINE LION GROUP PTY LTD	7,220,596	4.83
4	MR MATTHEW FAHEY <FAHEY FAMILY A/C>	5,533,698	3.71
5	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,717,012	3.16
6	CONFADENT LIMITED	3,500,000	2.34
7	GUAVA CAPITAL PTY LTD	3,078,620	2.06
8	COLIENS CORPORATION PTY LTD	2,420,000	1.62
9	STATE ONE HOLDINGS PTY LTD	2,385,109	1.60
10	CARMINE LION GROUP PTY LTD	2,340,000	1.57
11	MS TOW LOY SUN <QUPIT FAMILY A/C>	2,330,000	1.56
12	LATERAL CONSULTING (WA) PTY LTD <PATON SUPER FUND A/C>	2,239,381	1.50
13	GUAVA CAPITAL PTY LTD	2,158,188	1.45
14	LATERAL CONSULTING (WA) PTY LTD	2,096,061	1.40
15	STATE ONE STOCKBROKING LTD	1,974,950	1.32
16	MR BRUCE HUMMERSTON + MRS JANET HUMMERSTON	1,893,173	1.27
17	HEELMO HOLDINGS PTY LTD <ROWBOTTAM SUPER A/C>	1,555,000	1.04
18	BILL BROOKS PTY LTD <BILL BROOKS SUPER FUND A/C>	1,425,674	0.95
19	DR ROBERT POPOVIC	1,399,612	0.94
20	MR SHANE ROBINSON + MRS HELEN ROBINSON <ROBINSON FAMILY A/C>	1,383,810	0.93
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (Total)		**88,312,478**	**59.13%**
Total Remaining Holders Balance		**61,030,884**	**40.875**
Total Shares on Issue		**149,343,362**	**100%**

SUBSTANTIAL SHAREHOLDERS

As at 23 August 2019, shareholders with a relevant interest in 5% or more of the Company's securities are set out below:

No. of Shares	% Interest	Holder
16,203,739	10.85%	Finance West Pty Ltd & Angus Parker
19,643,296	13.15%	Code Nominees Pty Ltd <28351 A/C>

VOTING RIGHTS OF OPTIONS

There are no voting rights attached to any class of options that are on issue.

TOP 20 QUOTED OPTIONHOLDERS AS AT 23 August 2019

Rank	Name	Units	% Units
1	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	4,905,690	65.41%
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,002,630	13.37%
3	BILL BROOKS PTY LTD <BILL BROOKS SUPER FUND A/C>	250,000	3.33%
4	YARRAANDOO PTY LTD <YARRAANDOO SUPER FUND A/C>	125,000	1.67%
5	LA'MONDE INDUSTRIES PTY LTD <DORIZZI SUPER FUND A/C>	95,000	1.27%
6	MR BRETT HOLTERMAN + MRS KAREN FISHER <HOLTERMAN CDU SUPER FUND A/C>	65,000	0.87%
7	AORAKI SUPERANNUATION PTY LTD <AORAKI SUPER FUND A/C>	62,500	0.83%
7	MR LINDSAY GEORGE DUDFIELD + MRS YVONNE SHEILA DOLING DUDFIELD <LG DUDFIELD PENSION FUND A/C>	62,500	0.83%
7	NAVCO PTY LTD <N & V ALLEN FAMILY A/C>	62,500	0.83%
7	PAC PARTNERS PTY LTD	62,500	0.83%
11	MR STACEY HUBERT CARTER	37,500	0.50%
12	MINERVA EQUITY PTY LTD	32,499	0.43%
13	SWAN VIEW RETIREMENT PTY LTD <SWAN VIEW RETIREMENT A/C>	31,250	0.42%
14	MR PETER WILLIAM DORIZZI + MRS JUDITH ANN DORIZZI	30,000	0.40%
15	DOOR IMAGE AUSTRALIA PTY LTD	28,750	0.38%
16	BENICOVE PTY LTD	25,000	0.33%
16	MR NICHOLAS HORTON-JONES + MRS PETRA KOBZOVA <HORTON-JONES FAMILY S/F A/C>	25,000	0.33%
16	MR MICHAEL STARR	25,000	0.33%
16	MRS PENELOPE ANN REDFEARN + MR GARY REDFEARN	25,000	0.33%
16	JOHN WILLIAM STACEY + BEVERLEY ROSALIND STACEY <STACEY & CO SUPER FUND A/C>	25,000	0.33%
16	MR LAURENCE TATTERSALL + MS LORRAINE TATTERSALL <TATTERSALL FAMILY S/F A/C>	25,000	0.33%
Totals: Top 21 holders		**7,003,319**	**93.23%**
Total Remaining Holders Balance		**496,681**	**6.62%**
Total quoted options on issue		**7,500,000**	**100%**

UNQUOTED SECURITIES

Additional Information

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Set out below are the classes of unquoted securities currently on issue:

Number	Class
113,750	options exercisable at 90¢ expiring 3/8/20
14,500,000	options exercisable at 30¢ expiring 7/6/23
19,734,791	options exercisable at 20¢ expiring 30/11/22
27,560,000	performance rights with various vesting milestones

Unquoted Equity Security Holders with Greater than 20% of an Individual Class

As at 23 August 2019 the following classes of unquoted securities had holders with greater than 20% of that class on issue is set out below.

Options exercisable at 90¢ expiring 3/8/2020	% Interest
QUATTRO CAPITAL PTY LTD <GIBSON SUPER FUND A/C>	77.57%
MRS KSENJA STMADICA	22.43%
Options exercisable at 30¢ expiring 7/6/23	**% Interest**
CODE NOMINEES PTY LTD	64.83%
STATE ONE EQUITIES PTY LTD	28.74%
Performance Rights	**% Interest**
MR MATTHEW FAHEY <FAHEY FAMILY A/C>	31.57%
Mr Angus Parker	31.20%

ON-MARKET BUYBACK

Currently there is no on-market buy-back of the Company's securities.

SECURITIES SUBJECT TO ESCROW

Set out below are securities currently subject to escrow

Number	Class
133,750	Options exercisable at 90¢ expiring 3/8/20 held in escrow for two years from 13 June 2018
14,500,000	options exercisable at 30¢ expiring 7/6/23 held in escrow for two years from 13 June 2018
996,701	options exercisable at 20¢ expiring 30/11/22 held in escrow for two years from 13 June 2018
13,723,030	options exercisable at 20¢ expiring 30/11/22 held in escrow until 7/6/2019
23,020,000	Performance Rights held in escrow for two years from 13 June 2018

ASX LISTING RULE 4.10.19 CONFIRMATION

Pursuant to ASX Listing Rule 4.10.19 the Company confirms that from the period of admission on 8 June 2018 to 30 June 2019 the Company used its cash and assets in a form readily convertible into cash, in line with its stated business objectives.

CORPORATE GOVERNANCE

Pursuant to the ASX Listing Rules, the Company's Corporate Governance Statement will be released in conjunction with this report. The Company's Corporate Governance Statement is available on the Company's website at: https://investors.vonex.com.au/corporate-governance/

PROJECT & JOINT VENTURE SCHEDULE

Project	Tenements	VNX's Interest	Other Parties
Johnston Range Iron Ore Gold and Base Metals	M77/1258	Royalty	Mineral Resources Limited(i)

Notes:
i. Vonex Limited retains a 2% royalty.

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

always on