Annual Report

30 June 2020

Corporate Information

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

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

Tel: +61 8 6388 8888
Fax: +61 8 6388 8898

Head Office
Level 6, 303 Coronation Drive
Milton QLD 4064

Tel: 1800 828 668
Fax: 1300 997 999

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 Secretary
Daniel Smith

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

Tel: +61 8 9323 2000
Fax: +61 8 9323 2033

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

ASX CODE: VN8

Contents

Directors' Report

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 & CEO

Mr David Vilensky
Executive Director

Ms Winnie Lai Hadad
Non-Executive Director

Mr Jason Gomersall
Non-Executive Director
(appointed 28 February 2020)

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 2020.

Information on Directors & Company Secretary

Nicholas Ong / Non-Executive Chairman

Mr Ong was a Principal Adviser at the Australian Securities Exchange (ASX) and brings 15 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, White Cliff Minerals Limited and Black Star Petroleum Limited.
Previous: CoAssets Limited, Arrow Energy 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 accelerating growth both organically and by further acquisition and the continued development of diverse products in order to 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.

Other directorships of Australian listed companies held by Ms Lai Hadad in the last three years are:

Current: Avenira Limited

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.

Jason Gomersall / Non-Executive Director

Mr Gomersall is a former Director of 2SG Wholesale and is the Founder, CEO and Managing Director of iseek Communications. Mr Gomersall has long been at the forefront of the telecommunications industry and the mobile phone market since being one of the foundation franchisees of the Optus World chain of retail stores in the 1990s.

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

Daniel Smith / Company Secretary

Mr Smith is a member of the Australian Institute of Company Directors, a Fellow of the Governance Institute of Australia and has over 11 years' primary and secondary capital markets expertise. As a director of Minerva Corporate, he has advised on, and been involved in, a significant number of IPOs, RTOs and capital raisings on both the ASX and NSX. His key focus is on corporate governance and compliance, commercial due diligence and transaction structuring, as well as ongoing investor and stakeholder engagement.

Mr Smith is currently a director and company secretary of AIM-listed Europa Metals Limited, ASX-listed Lachlan Star Limited and Hipo Resources Limited, non-executive director of Artemis Resources Limited and White Cliff Minerals Limited, and is Company Secretary for Taruga Minerals Limited.

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:

	Ordinary Shares	Performance Rights	Options
Nicholas Ong	2,644,645	2,550,000	52,000
Matthew Fahey	6,408,291	8,830,000	Nil
David Vilensky	2,550,000	2,550,000	Nil
Winnie Lai Hadad	Nil	Nil	Nil
Jason Gomersall	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	7	7
Matthew Fahey	7	7
David Vilensky	7	7
Winnie Lai Hadad	7	7
Jason Gomersall	3	3

Principal Activities

The principal activities within the consolidated entity include the year on year growth within our Retail Telco division and expansion of our Wholesale Telco division during the financial year. Other activities have focused on the continuation of R&D projects within technologies in communications, including our own proprietary cloud hosted PBX system and Oper8tor App development.

Financial Position & Operating Results

The financial results of the consolidated entity for the financial year ended 30 June 2020 are:

	30 / Jun / 20	30 / Jun / 19	% Change
Cash and cash equivalents ($)	4,811,798	3,173,355	52%
Net assets / (liabilities) ($)	6,918,563	3,334,424	107%
Revenue ($)	15,406,034	9,209,953	67%
Net loss after tax ($)	(596,238)	(2,791,622)	78%
Loss per share (cents)	(0.38)	(1.99)	81%

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

2SG Wholesale

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

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

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

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

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

Completion of the due diligence of 2SG Wholesale was announced 12 February 2020, with completion of the acquisition taking place in March 2020.

Wholesale Operations

2SG Wholesale is a telecommunications and data wholesaling business which provides Australian Managed Service Providers, ISPs and System Integrators with access to the latest in hardware and connectivity solutions from leading brands. Its provision of fast, secure, business-grade wireless broadband has met strong customer demand amid the rise of working from home across Australia during recent months – a trend that is set to continue.

2SG Wholesale has brought a new dimension to the Company's business and has allowed Vonex to expand its offering to small and medium enterprise (SME) customers with new products. These new products include fleet mobile, mobile broadband and NBN with 4G backup. 2SG's multi-year investment in a sophisticated network environment is now contributing to a meaningful relationship with Optus Wholesale, helping to build traffic on the Optus network by quickly deploying complex solutions for a broad base of customers.

Vonex plans to expand its network through direct integration to NBN points of interconnect in strategic national locations via 2SG Wholesale. Building upon its existing points of interconnect and those it activated during the June quarter, Vonex will further improve its network quality by adding more direct interconnects with the NBN throughout FY21.

Through 2SG, Vonex is responding to strong interest in the market by enabling a direct NBN relationship for key existing and new wholesale partners. This streamlined supply chain allows customers to enjoy reduced lead times and enhanced assurance while positioning the Company with the best possible commercial structure to leverage future wholesale NBN growth.

New Wholesale Customer Wins

This model is yielding new customer wins by partnering with organisations of national scale. 2SG Wholesale recently signed an agreement to supply business grade layer 2 mobile broadband to Discovery Technology, a subsidiary of business technology solutions leader and ASX300 company, Data#3 Ltd (ASX: DTL). Discovery Technology delivers bespoke public Wi-Fi solutions to a broad range of industries including shopping centres, airports, universities, councils, smart cities, hotels, transport, retailers, supermarkets and stadiums. 2SG is partnering with Discovery to enable the delivery of 4G and 5G network services, powered by Vonex, through to Discovery and wider Data#3 customers.

The Company's smooth integration of 2SG Wholesale has been accompanied by growth in new customers and order value. Vonex added 5 five new wholesale customers in May and June 2020, followed by others, including Discovery Technologies, in July 2020.

The Company also achieved an increase of 75% in mobile broadband orders in Q4 FY20 compared to the same period in FY19. This promising growth reflects achievement of the cross-selling opportunities which Vonex identified prior to acquiring 2SG Wholesale.

The Company has also scoped and commenced its plans to integrate 2SG Wholesale's billing with Vonex's existing platform, with completion expected in Q2 FY21. Vonex will continue to pursue both organic and acquisition-led opportunities to grow its Wholesale business in FY21.

Retail Growth and Strong Customer Satisfaction

Vonex's Retail operations continue to expand, with new customer additions running at elevated levels through the depths of the COVID-19 crisis. The Company achieved Total Contract Value of new customer sales in the six months from January to June 2020 of $3.7 million, an increase of 65% on the PcP, with growth accelerating in the June quarter. Vonex's value proposition is resonating with its target market of Australian SMEs, many of which have been attracted by Vonex's ability to rapidly provision scalable cloud-based business phone systems.

Vonex passed the 35,000 active customer mark for its cloud-based phone system platform in December 2019 and by financial year end, it was nearing 40,000 active users, representing another strong year of growth. This was despite a slight decline during the year due to call centres being closed amid the COVID-19 pandemic. Registered users of these Private Branch Exchange ("PBX") connections are a key indicator of business development progress as Vonex penetrates the multibillion-dollar Australian market for telco services to SMEs.

Vonex focuses on providing a great customer experience as a core component of its differentiated service offering. The Company is delivering strong customer satisfaction, achieving a Net Promoter Score (NPS) of 54 in April 2020. This measure of customer loyalty is assessed on a scale from -100 to +100, with a score of >30 viewed as an exceptional result, particularly during a month in which COVID-19 caused global disruptions and prompted Vonex's Philippine-based support desk to work from home.

Vonex plans to continue to improve its customer experience through upcoming service updates to LINK, the Company's Private Branch Exchange (PBX) management platform. Updates will enable hands on access to make live changes to user information, call handling and after hours options all available from a mobile device. The LINK platform also communicates user information changes live to the billing platform to reflect on the customer's monthly telephone bill.

In early July 2020, Vonex expanded upon the Qantas Business Rewards offering, adding mobile plans to the suite of services on which Qantas Points can be earned, with a view to gaining further market share with Australian SME customers.

Oper8tor Development

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

Vonex completed major development works required after third-party testing identified opportunities to strengthen Version 1. Following technical challenges during Q1 and Q2 of FY20, Vonex completed a rebuild of Oper8tor's Skype connector, the inclusion of group SMS capability on a single thread (previously only peer-to-peer), and significant coding requirements that stemmed from Google's revision of Two Factor Authentication ("TFA"), which culminated in Vonex developing a solution to continuously monitor and comply with the dynamic TFA environment.

Further third-party testing followed this period of development. Vonex successfully released 216 beta test builds of Oper8tor to Apple's mobile app testing service, TestFlight, and Google Play's mobile app testing service. The Company moved Oper8tor's development into final stages of testing in the March quarter with a closed user group.

In March 2020, Vonex announced the successful completion of third-party testing of its Oper8tor App, including testing of cross-platform message and call blast functionality. The third-party testing verified Oper8tor's cross-platform message functionality across multiple social media platforms as well as SMS and its ability to call blast landline and mobile numbers. Vonex commenced controlled group testing with up to 500 users to review the user experience and to test the stability and scalability of Oper8tor V1.0.

During the March quarter, Vonex was granted a patent from the US Patents Office for the unique Oper8tor platform. The patent protects Vonex's unique system and method for establishing communications over a plurality of communications platforms.

Following closed user group testing, Vonex made v1.1 of the Oper8tor app available to test from the Apple and Google app stores, allowing investors and other interested parties to participate and provide feedback by downloading the app. Using valuable feedback from early users, the Company advanced the app to version 1.6, with a greatly improved user experience which aligns with the newly revamped Oper8tor website, www.oper8tor.com.

While Vonex intends to pursue its strategy to roll out the Oper8tor app through a consumer value proposition, the Company has identified attractive shorter-term commercial applications and has focused its recent product development to address this potential market.

The Company expanded Oper8tor's functionality further during the June quarter, developing and launching artificial intelligence-driven call recording within the app, providing a highly requested feature among enterprise and SME customers. Vonex complemented this feature with the launch of real-time call transcription, with accuracy continuously improving and email transcriptions delivered to users within seconds of a call ending.

These features, along with the inclusion of Conference, Voice, Message and Video functionality across multiple communications platforms and devices, underpin a focused B2B growth strategy for Oper8tor which facilitates growth in users and recurring revenue through a software as a service (SaaS) model, with cross-platform calling for the mobile worker as its key value proposition.

The Company developed a marketing plan and product roadmap which aligns with this vision, and in conjunction with Ragnar Capital Partners LLP in London, is actively engaging with potential strategic investors and technical partners who can help Oper8tor to execute these goals faster.

PBX User Growth

On 7 November 2019, the Company advised that it continues to deliver consistent user growth, reaching a record 35,000 registered Private Branch Exchange (PBX) users. In March 2020, the Company exceeded the 37,500 active user mark, with growth driven by direct marketing to Qantas Business Rewards members. Growth in registered PBX users indicates business development progress as Vonex penetrates the multibillion-dollar Australian market for telco services to SMEs.

Despite a temporary decline due to call centres being closed amid COVID-19 lockdown, Vonex has demonstrates strong growth in the last 12 months with close to 40,000 active users on the platform.

Qantas Business Rewards (QBR) Partnership

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

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

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

COVID-19

In light of the global COVID-19 pandemic, Vonex implemented a range of initiatives in March 2020 to minimise impact of the virus on its operations. These included:

- The Company's call centre in Cebu in the Philippines remains open as normal with a remote working strategy in place if Cebu staff are placed in lock down and cannot attend work.
- Handset stock sourced from China has been stockpiled and Vonex has several months of inventory to continue to fulfil new and existing orders without new stock arriving.
- Adapting nimbly to the current climate, the Company rapidly rolled out 'work from home' marketing campaigns to existing and potential SME customers which highlight how Vonex's Hosted PBX technology enables a seamless transition for staff to work from home. These campaigns contributed towards Vonex achieving the strongest month of new customer sales in its history in March 2020.

Corporate

Capital Raising

On 25 June 2020, Vonex announced it had received binding commitments to raise $1.4 million (before costs) through a placement of 14,736,843 new shares at an issue price of $0.095 per share. The Placement price of $0.095 represented a 13.6% discount to the closing price on 22 June 2020 of $0.11 and a 15.5% discount to the 15-day VWAP of $0.1125.

The Company received the support of a strong mix of institutional investors across Australia and New Zealand who were introduced by PAC Partners Securities Pty Ltd, who acted as Lead Manager to the Placement. Vonex will apply the proceeds of the Placement to provide balance sheet support to fund growth initiatives. These initiatives encompass both expanded marketing and continued growth by acquisition, building out cross-selling opportunities and supplementing the Company's organic growth profile.

R&D Tax Rebate

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

Iron Ore Royalty Sale

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

The Company received its first tranche payment of $1.75m in May 2020, and is entitled to additional consideration from the Royalty Disposal of up to A$750,000, tranched according to the following milestones:

- A$250,000 cash payable upon three million dry metric tonnes of iron ore being produced and accounted for in royalty invoices from Koolyanobbing
- A$500,000 cash payable upon five million dry metric tonnes of iron ore being produced and accounted for in royalty invoices from Koolyanobbing.

Board Changes

Co-founder of 2SG Wholesale, Jason Gomersall, was appointed to the Vonex board as a Non-executive Director in February 2020. Mr Gomersall is a former Director of 2SG Wholesale and is the Founder, CEO and Managing Director of iseek Communications. He has long been at the forefront of the telecommunications industry and the mobile phone market since being one of the foundation franchisees of the Optus World chain of retail stores in the 1990s.

Senior Leadership Changes

Vonex made several internal appointments to strengthen management capabilities across its business. Christo Da Silva was appointed as Vonex's Chief Technology Officer through an internal promotion. Mr Da Silva has been with the Company since 2010, and designed and developed processes which have enhanced the reliability, robustness and scalability of Vonex's voice services.

The Company's existing Chief Technology Officer, Angus Parker, has transitioned to CEO of Oper8tor and will assume responsibility for Oper8tor's commercialisation efforts.

Vonex also appointed 2SG Wholesale employee, Reza Lohrasb, to the newly created role of Executive General Manager of Wholesale.

Engagement of Advisor

In March 2020, Vonex engaged London-based investment advisory firm Ragnar Capital Partners LLP to target potential partners who could help take Oper8tor through its rollout and commercialisation phases now that testing of the platform is largely complete.

Cash Position

The Company ended the financial year with a strong cash balance of $4.81 million.

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.

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 1 July 2020 Vonex raised $1,400,000 in a share placement via the issue of 14,736,843 ordinary fully-paid shares (at $0.095 per share).

COVID-19

On 31 January 2020, the World Health Organisation ('WHO') announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. Because of the rapid increase in exposure globally, on 11 March 2020, the WHO classified the COVID-19 outbreak as a pandemic.

The full impact of the COVID-19 outbreak continues to evolve at the date of this report. The company is therefore uncertain as to the full impact that the pandemic will have on its financial condition, liquidity, and future results of operation during future years.

Management is actively monitoring the global situation and its impact on the Company's financial condition, liquidity, operations, supplier, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb the spread, the Company is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity in future years.

Although the Company cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have a material adverse effect on the Company's results of future operations, financial position, and liquidity in future years.

Apart from the disclosures made within this report, no other matter or circumstance has arisen since 30 June 2020 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 & CEO

Mr David Vilensky
Executive Director

Ms Winnie Lai Hadad
Non-Executive Director

Mr Jason Gomersall
Non-Executive Director

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 2019 Annual General Meeting

The Company received 74.12% in favour on its remuneration report for the 2019 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 30.

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		
30/06/2020	**Salary & fees ($)**	**Cash bonus ($)**	**Long service leave ($)**	**Super-annuation ($)**	**Performance rights ($)**	**Total ($)**	Percentage remuneration consisting of performance rights for the year
Directors							
Mr Fahey (ii)	283,000	-	5,428	26,885	19,734	335,047	6%
Mr Ong (ii)	57,000	-	-	5,415	190,148	252,563	75%
Mr Vilensky (ii)	57,000	-	-	5,415	190,148	252,563	75%
Ms Hadad (ii)	57,000	-	-	5,415	-	62,415	0%
Mr Gomersall (i) (ii)	17,000	-	-	1,615	-	18,615	0%
Total	**471,000**	**-**	**5,428**	**44,745**	**400,030**	**921,203**	**43%**

(i) Mr Gomersall (Non-Executive Director) (appointed on 28 February 2020)
(ii) Executive and Non-Executive directors volunteered to reduce their fees by 22% for the period 1 April 2020 to 30 June 2020

	Short-term benefits			Post-employment benefits	Share-based payment		
30/06/2019	**Salary & fees ($)**	**Cash bonus ($)**	**Long service leave ($)**	**Super-annuation ($)**	**Performance rights ($)**	**Total ($)**	Percentage remuneration consisting of performance rights for the year
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	60,000	-	-	5,700	-	65,700	0%
Other KMP							
Mr Parker	250,000	-	8,272	23,750	29,597	311,619	9%
Total	**716,000**	**-**	**11,539**	**68,175**	**342,538**	**1,138,252**	**30%**

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

	Fixed Remuneration*		At risk-LTI**	
Director	**2020**	**2019**	**2020**	**2019**
Mr Fahey	94%	91%	6%	9%
Mr Ong	25%	32%	75%	68%
Mr Vilensky	25%	32%	75%	68%
Ms Hadad	100%	100%	0%	0%
Mr Gomersall	100%	0%	0%	0%

**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 30. 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.

D / Share-based Compensation

Short term and long term incentives

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

The performance rights were issued in three tranches, each with different performance milestones. Refer to Note 30 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 (2019: 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 (2019: 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.

2020	Opening Balance	Received as Remuneration	Received During Year of Options	Net Change Other	Closing Balance
Directors					
Mr Fahey	**6,408,291**	-	-	-	**6,408,291**
Mr Ong	**2,460,000**	-	-	184,645	**2,644,645**
Mr Vilensky	**2,550,000**	-	-	-	**2,550,000**
Ms Hadad	**-**	-	-	-	**-**
Mr Gomersall	**-**	-	-	-	**-**
	11,418,291	**-**	**-**	**184,645**	**11,602,936**

Deferred performance shares holdings

The table shows how many deferred KMP performance shares have been granted, vested and forfeited. There have been no performance shares granted, vested or forfeited during the financial year.

	Year Granted	No Granted	Grant Date Value per share	Grant Date value	Vested value	Forfeited value	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

H / Other transactions with key management personnel

Transactions with related parties

The following transactions occurred with related parties:

Services provided:	**2020**	**2019**
	$	**$**
Company secretarial, corporate compliance, bookkeeping and accounting fees from Minerva Corporate (director-related entity of Nicholas Ong)	74,161	54,000
Payments for legal fees from Bowen Buchbinder Vilensky (director-related entity of David Vilensky)	37,378	40,550

Receivable from and payable to related parties

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

	2020	2019
Current Payables:	$	$
Trade payables to Minerva Corporate (director-related entity of Nicholas Ong)	4,950	9,900

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:

	2020	2019	2018	2017	2016
Loss for the year	$596,238	$2,791,622	$14,713,402	$9,737,819	$12,410,441
Closing Share Price	11.0 cents	11.0 cents	14.0 cents	N/A*	N/A*
KMP Incentives	$400,030	$342,538	$1,105,537	$702,000	$Nil
Total KMP Remuneration	$921,203	$1,138,252	$1,734,754	$1,503,715	$858,640

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

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

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

d) 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:

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

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

d) 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;

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

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

d) 50,000 convertible into ordinary share on 1 July 2020; and

d) 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.

	2020	2019
Assurance services	**$**	**$**
Audit Services		
RSM Australia Partners	79,000	67,000
Total remuneration for audit and assurance services	79,000	67,000
Corporate Services		
RSM Australia Pty Ltd	31,025	-
Total remuneration for corporate services	31,025	-

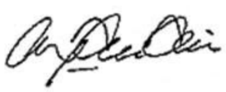
Auditor

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
31 August 2020

RSM Australia Partners

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

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

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Vonex Limited for the year ended 30 June 2020, 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: 31 August 2020

Consolidated Statement
of Profit or Loss & Other Comprehensive Income

	Note	2020 $	2019 $
Sales Revenue	2	12,770,304	8,801,740
Cost of sales	4	(8,096,081)	(4,937,131)
Gross Profit		4,674,223	3,864,609
Other Revenues	3	885,730	408,213
Disposal of mining royalties		1,750,000	–
Administration Expenses		(1,109,404)	(1,152,363)
Amortisation	4	(86,590)	(83,453)
Account and audit fees		(123,906)	(98,736)
Bad & doubtful debt expenses		(11,623)	(11,270)
Contractor expenses		(556,492)	(570,908)
Dealer commissions	4	(635,440)	(515,209)
Depreciation expenses	4	(330,075)	(57,184)
Directors' fees		(241,995)	(236,520)
Finance costs	4	(57,184)	(5,867)
Insurance expense		(94,596)	(43,980)
Legal fees		(46,954)	(47,985)
Loss on disposal of non-current assets	16	(1,775)	(24,185)
Occupancy expenses	4	(511)	(214,430)
Repairs and maintenance		(1,446)	(5,806)
Share based payment expense	30	(770,573)	(1,008,458)
Stamp duty		(136,868)	–
Travel expenses		(107,931)	(136,521)
Employee expenses		(3,592,062)	(2,851,568)
Loss before income tax		(596,238)	(2,791,622)
Income tax expense		–	–
Net loss for the year		(596,238)	(2,791,622)
Other comprehensive income for the year		–	–
Total comprehensive loss for the year		(596,238)	(2,791,622)
Basic and diluted earnings per share of loss attributable to the owners of Vonex Limited (cents per share)		(0.38)	(1.99)

The accompanying notes form part of these financial statements

Consolidated Statement
of Financial Position

	Note	2020 $	2019 $
Current Assets			
Cash and cash equivalents	9	4,811,798	3,173,355
Trade and other receivables	10	1,508,478	616,615
Contract assets	11	55,155	38,670
Other current assets	12	399,340	305,204
Total Current Assets		6,774,771	4,133,844
Non-Current Assets			
Intangible assets	13	3,585,039	981,139
Plant and equipment	16	201,201	214,479
Contract assets	11	32,860	17,492
Right of Use Assets	17	883,200	-
Other non-current assets	12	105,114	70,967
Total Non-Current Assets		4,807,414	1,284,077
Total Assets		11,582,185	5,417,921
Current Liabilities			
Trade and other payables	19	3,181,665	1,578,844
Provisions	18	456,271	481,846
Lease liability	20	267,300	-
Total Current Liabilities		3,905,236	2,060,690
Non-Current Liabilities			
Provisions	18	75,136	22,808
Lease liability	20	683,250	-
Total Non-Current Liabilities		758,386	22,808
Total Liabilities		4,663,622	2,083,498
Net Assets		6,918,563	3,334,423
Equity			
Issued capital	21	47,642,165	45,484,270
Reserves	22	5,230,937	3,158,579
Accumulated losses	26	(45,954,539)	(45,308,426)
Total Equity		6,918,563	3,334,423

The accompanying notes form part of these financial statements

Consolidated Statement
of Changes in Equity

	Issued Capital	Accumulated Losses	Reserves	Total
	$	$	$	$
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**
At 1 July 2019	**45,484,270**	**(45,308,426)**	**3,158,579**	**3,334,423**
Comprehensive income				
Loss for the year	-	(596,238)	-	**(596,238)**
Total comprehensive income / (loss) for the year	**-**	**(596,238)**	**-**	**(596,238)**
Transactions with owners, in their capacity as owners				
Shares issued during the year	2,157,895	-	-	**2,157,895**
Vesting of performance shares and rights	-	-	-	**-**
Share-based payment – options, performance shares and rights	-	-	770,573	**770,573**
Capital-raising proceeds received in advance (net of costs)	-	-	1,301,785	**1,301,785**
Retained earnings adjustment – adoption of AASB 16	-	(49,875)	-	**(49,875)**
Capital raising costs	-	-	-	**-**
At 30 June 2020	**47,642,165**	**(45,954,539)**	**5,230,937**	**6,918,563**

The accompanying notes form part of these financial statements

Consolidated Statement
of Cash Flows

	Note	2020 $	2019 $
Cash Flows From Operating Activities			
Receipts from customers		12,129,637	8,817,964
Payments to suppliers and employees		(13,589,900)	(10,917,315)
Research and development tax offset		629,569	313,760
Government grants		101,500	-
Finance costs		-	1,226
Interest received		6,458	25,129
Interest paid		(6,506)	-
Net cash used in operating activities	**25**	**(729,242)**	**(1,759,236)**
Cash Flows From Investing Activities			
Receipt of capital grant		-	(63)
Payments for physical non-current assets		(73,164)	(260,945)
Payment for acquire business (2SG)		(444,180)	-
Proceeds from disposal of property, plant & equipment	31	218	-
Proceeds from / (Repayment of) loans		818	(18,256)
Proceeds from disposal of mining royalty		1,750,000	-
Net cash provided by/(used) in investing activities		**1,233,692**	**(279,264)**
Cash Flows From Financing Activities			
Proceeds from application funds held in trust, net of costs		1,320,500	-
Net repayment of borrowings		(362)	-
Leasing payments		(185,334)	-
Net cash provided by financing activities		**1,134,804**	**-**
Net increase/(decrease) in cash and cash equivalents		**1,639,254**	**(2,038,500)**
Cash and cash equivalents at the beginning of the financial year		3,173,355	5,223,854
Exchange rate adjustments		(811)	(11,999)
Cash and cash equivalents at end of the financial year	**9**	**4,811,798**	**3,173,355**

The accompanying notes form part of these financial statements

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 31 August 2020.

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.

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

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.

Adjustments recognised on adoption of AASB 16

On adoption of AASB 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB 117. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The weighted average lessee's incremental borrowing rate applied to these lease liabilities on 1 July 2019 was 6%

Right-of-use assets were measured on a retrospective basis as if AASB 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application.

The impact of the new standard that was recognised at 1 July reflected a reported increase in assets (right-of-use assets) by $728,812 and liabilities increase by $778,687 (lease liability and make good provision). The total impact on retained earnings was $49,875.

Impact of adoption on the current reporting period:

The impact on the Group's profit or loss and other comprehensive income statement, compared with the amount that would have been reflected under AASB 117, for the year ended 30 June 2020 is:

Decrease in operating lease expense - $213,375

Increase in finance cost expense - $52,393

Increase in right-of-use asset depreciation - $242,538

Impact on profit - $81,556

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

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.

(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.

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.

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) Investments and Other Financial Assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

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

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

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

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

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.

Expenses in relation Dealer Royalty commissions have been reclassified in the comparative year from cost of goods sold to operating expenses. Management determined during the year that these expenses have no direct correlation to sales revenue and therefore should be classified and operating expenses. This reclassification has resulted in an increase in gross profit of $570,908 and a corresponding increase in operating expenses in 2019.

p) Critical Accounting Estimates & 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 30 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.

Lease make good provision

A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

q) Right-Of-Use Assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

r) 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.

The information reported to the CODM is on a monthly basis.

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: provides wholesale customers access to the core Vonex PBX, call termination services, NBN and 4G mobile broadband at wholesale rates via a "white label" model.

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.

s) 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.

t) 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.

u) Issued Capital

Ordinary shares are classified as equity.

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

v) Earnings Per Share

(i) 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.

(ii) Diluted earnings per share

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

w) 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 2020. 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.

Conceptual Framework for Financial Reporting (Conceptual Framework)

The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 January 2020 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the consolidated entity has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the consolidated entity may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the consolidated entity's financial statements.

Note 2 / Revenue

	2020	2019
	$	$
Revenue from customers		
Sales Revenue	12,770,304	8,801,740

Disaggregation of revenue

The disaggregation of revenue from customers is as follows:

	Retail	Wholesale	Corporate	Total
Consolidated - 30 June 2020	$	$	$	$
Major service lines				
Telephony	6,141,624	301,662	-	6,443,286
Internet	1,780,553	2,146,175	-	3,926,728
Hardware	845,336	63,135	-	908,471
Hosted PBX	-	1,491,819	-	1,491,819
	8,767,513	**4,002,791**	**-**	**12,770,304**
Geographical regions				
Australia	8,767,513	3,956,401	-	12,723,914
United States of America	-	46,390	-	46,390
	8,767,513	**4,002,791**	**-**	**12,770,304**

Disaggregation of revenue (continued)

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**

Note 3 / Other Income

Other Income	2020 $	2019 $
Interest received	6,816	23,764
Research & development tax offset	629,569	313,760
Government Incentive Rebate	167,500	1,500
Debt forgiveness	20,080	12,797
Other income	61,765	56,392
Total other income	**885,730**	**408,213**

Note 4 / Loss for the year

Loss before income tax includes the following specific expenses	2020	2019
Expenses	$	$
Cost of sales		
Cost of sales	(8,096,081)	(4,937,131)
Depreciation		
Leasehold improvements	(9,185)	(5,598)
Plant and equipment	(12,537)	(14,489)
Office and computer equipment	(64,097)	(35,344)
Licences	(1,718)	(1,753)
Land and buildings right-of-use assets	(226,670)	-
Plant and equipment right-of-use assets	(15,868)	-
Total depreciation	**(330,075)**	**(57,184)**
Amortisation		
Patents and trademarks	(14,508)	(11,371)
Customer base	(72,082)	(72,082)
Total amortisation	**(86,590)**	**(83,453)**
Finance Costs		
Interest and finance charges payable/paid on lease liabilities	(52,393)	-
Interest charges on insurance premium funding and credit cards	(4,491)	(5,867)
Total finance costs	**(57,184)**	**(5,867)**

Note 5 / Income Tax Expense

(a) Reconciliation	2020	2019
The prima facie tax on the loss is reconciled to income tax expense as follows:	$	$
Loss for the year	(596,238)	(2,791,622)
Prima facie tax expense at 26% (2019:27.5%)	(155,022)	(767,696)
Non-deductible expenses	203,701	198,767
Non-assessable income	(210,311)	(86,284)
Deferred tax asset not brought to account	161,632	655,213
Income tax expense	-	-

(b) Deferred Tax Asset	2020	2019
Deferred tax asset not brought to account comprises the future benefits at applicable tax rates:	$	$
Tax losses – revenue (resident)	5,435,793	5,997,272
Accruals and provisions	160,152	202,216
Business related costs	100,702	183,953
Other	(12,223)	(77,930)
	5,684,424	**6,305,511**

Resident tax losses calculated at the Australian income tax rate of 26% (2019:27.5%).

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

Loss before income tax includes the following specific expenses	2020	2019
	$	$
Short-term employee benefits	476,428	727,539
Post-employment benefits	44,745	68,175
Share-based payments	400,030	342,538
	921,203	**1,138,252**

Note 7 / Auditors' Remuneration

	2020	2019
	$	$
Remuneration of the auditor		
Auditing or reviewing the financial report	79,000	67,000
Other services	31,025	-
	110,025	**67,000**

Note 8 / Earnings per Share

	2020	2019
	$	$
Loss for the year	(596,238)	(2,791,622)
	No. of Shares	**No. of Shares**
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic loss per share	156,437,810	148,743,340

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

	2020	2019
	$	$
Cash on hand	1,352	1,352
Cash at bank	4,810,446	3,172,003
	4,811,798	**3,173,355**

Note 10 / Trade and Other Receivables

	2020	2019
	$	$
Current		
Trade debtors	696,784	223,892
Less: Allowance for expected credit losses	(43,635)	(39,400)
	653,149	**184,492**
Other debtors	855,329	488,285
	1,508,478	**672,777**

Allowance for expected credit losses

The consolidated entity has recognised a loss of $11,623 in profit or loss in respect of the expected credit losses for the year ended 30 June 2020.

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

Consolidated	Expected credit loss 2020 %	Carrying amount 2020 $	Allowance for expected credit losses 2020 $
0 to 3 months overdue	0%	653,260	-
3 to 6 months overdue	98%	7,052	7,163
Over 6 months overdue	100%	36,472	36,472
		696,784	**43,635**

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

Consolidated	2020 $	2019 $
Reconciliation		
Opening balance	39,400	36,000
Additions	11,623	10,209
Receivables written off during the year as uncollectable	(7,388)	(6,809)
Closing balance	**43,635**	**39,400**

Note 11 / Current Assets - Contract Assets

	2020 $	2019 $
Current		
Contract assets	55,155	38,670
Non-Current		
Contract assets	32,860	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:

	2020 $	2019 $
Balance at the beginning of the year	56,162	-
Additional provision	96,033	73,467
Transfer to sales adjustments	(64,180)	(17,305)
Balance at the end of the year	**88,015**	**56,162**

Note 12 / Other Assets

	2020	2019
	$	$
Current		
Bonds/deposits paid	-	-
Prepayments	399,340	305,204
	399,340	**305,204**
Non-Current		
Bonds/deposits paid (i)	105,114	70,967
	105,114	**70,967**

(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

	2020	2019
	$	$
Customer list	720,081	720,081
Less: Accumulated amortisation	(516,315)	(444,234)
	203,766	**275,847**
Borrowing Costs - at cost	1,762	1,762
Less: Accumulated amortisation	(1,762)	(1,762)
	-	**-**
Acquisition of IP (Oper8tor)	600,000	600,000
	600,000	**600,000**
Intangible assets from business acquisiton (2SG)	2,633,148	-
	2,633,148	**-**
Patents and trademarks - at cost	182,350	125,009
Less: Accumulated amortisation	(36,296)	(21,788)
	146,054	**103,221**
Domain name acquisition	2,071	2,071
	2,071	**2,071**
	3,585,039	**981,139**

Reconciliations

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

Consolidated	Customer list	Borrowing Costs	Oper8tor	Patents and trademarks	Domain name	Intangible assets from 2SG	Total
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**
Additions/(Disposal)	-	-	-	57,321	-	2,633,148	2,690,469
Amortisation expense	(72,081)	-	-	(14,488)	-	-	(86,569)
Balance at 30 June 2020	**203,766**	**-**	**600,000**	**146,054**	**2,071**	**2,633,148**	**3,585,039**

Note 14 / Subsidiaries

(a) Parent Entity

The parent entity within the Group is Vonex Ltd.

(b) Subsidiaries

			Ownership Interest	
Subsidiaries	**Country of incorporation**	**Class of shares**	**2020**	**2019**
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	0%	100%
Oper8tor Pty Ltd (ABN 14 601 220 633)	AUS	Ordinary	100%	100%
Vonex Wholesale Pty 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 15 / Parent Entity Disclosures

Financial Position	2020 $	2019 $
Assets		
Current assets	5,013,545	3,184,395
Non-current assets	3,694,363	745,411
Total assets	**8,707,908**	**3,929,806**
Liabilities		
Current liabilities	715,014	488,455
Non-current liabilities	1,870,210	1,532,501
Total liabilities	**2,585,224**	**2,020,956**
Net assets	**6,122,684**	**1,908,850**
Equity		
Issued capital	113,301,061	111,143,166
Reserves	5,216,335	3,143,977
Accumulated losses	(112,394,712)	(112,378,293)
Total Equity	**6,122,684**	**1,908,850**
Financial Performance		
Profit for the year	3,902	(2,190,565)
Other comprehensive income	-	-
Total comprehensive income for the year	**3,902**	**(2,190,565)**

Guarantees

Vonex Ltd has entered into a parental guarantee for one of its subsidiaries in connection with Wholesale Broadband services being acquired from NBN Co. (2019: nil).

Commitments for expenditure

Vonex Ltd has no commitments to acquire property, plant and equipment, and has no contingent liabilities (2019: nil).

Note 16 / Plant and Equipment

	2020	2019
	$	$
Leasehold improvements		
At cost	39,128	34,282
Accumulated depreciation	(14,528)	(5,342)
	24,600	**28,940**
Plant and Equipment		
At cost	115,024	117,077
Accumulated depreciation	(71,915)	(60,451)
	43,109	**56,626**
Office & Computer equipment		
At cost	423,050	371,540
Accumulated depreciation	(289,558)	(244,345)
	133,492	**127,195**
Licenses & Development (inc. software)		
At cost	249,587	249,587
Accumulated depreciation	(249,587)	(247,869)
	-	**1,718**
Total plant and equipment	**201,201**	**214,479**

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 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
Balance at 1 July 2019	**28,940**	**56,626**	**127,195**	**1,718**	**214,479**
Additions	4,845	1,561	70,394	-	76,800
Disposal / Write off	-	(2,541)	-	-	(2,541)
Depreciation	(9,185)	(12,537)	(64,097)	(1,718)	(87,537)
Carrying amount at 30 June 2020	24,600	43,109	133,492	-	201,201

Note 17 / Right Of Use Assets

	2020	2019
	$	$
Leasehold improvements		
Land and buildings – right of use	1,046,405	-
Accumulated depreciation	(226,670)	-
	819,735	**-**
Plant and Equipment		
Plant and equipment – right of use	79,333	-
Accumulated depreciation	(15,868)	-
	63,465	**-**
	883,200	**-**

The consolidated entity leases land and buildings for its offices under agreements of between one to four years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated. The addition to right-of-use assets during the year were $396,926

The consolidated entity leases office equipment under agreements of less than two years.

Note 18 / Provisions

	2020	2019
	$	$
Current		
Annual leave	326,242	339,166
Long service leave	130,029	142,680
	456,271	**481,846**
Non-Current		
Long service leave	46,685	22,808
Make good	28,451	-
	75,136	**22,808**

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

Movements in Carrying Amounts

	2020	2019
Carrying amount at the start of the year	504,654	464,050
Additional provisions recognised	367,636	149,180
Amounts used	(340,883)	(108,576)
Carrying amount at the end of the year	**531,407**	**504,654**

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

	2020	2019
	$	$
Trade payables	1,755,852	1,058,971
VISA card account	(6,528)	4,042
AMEX card account	116,236	-
PAYG withholding	154,346	57,138
GST	79,534	48,247
Superannuation guarantee	73,062	56,276
Other payables and accruals	1,009,163	354,170
	3,181,665	**1,578,844**

Trade creditors are expected to be paid within agreed terms.

Note 20 / Lease Liability

	2020	2019
	$	$
Current		
Lease liability	267,300	-
	267,300	**-**
Non-Current		
Lease liability	683,250	-
	683,250	**-**

Refer to Note 29 for further information on financial instruments.

Note 21 / Issued Capital

	2020		2019	
	$	No.	$	No.
Fully paid ordinary shares	47,642,165	170,922,309	45,484,270	149,343,362

Movement in ordinary shares		$	No.	Issue Price $
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**	
Issue of shares to settle acquisition of 2SG	02/03/2020	2,157,895	21,578,947	0.10
Balance at 30 June 2020		**47,642,165**	**170,922,309**	

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.

The working capital position of the company at 30 June 2020 and 30 June 2019 are as follows:

	2020	2019
	$	$
Total borrowings (including trade and other payables)	3,181,665	1,578,844
Less: cash and cash equivalents	(4,811,798)	(3,173,355)
Net debt	**(1,630,133)**	**(1,594,511)**
Total equity	6,918,563	3,334,423
Total capital	**5,288,430**	**1,739,912**

Note 22 / Reserves

	2020 $	2019 $
Asset revaluation reserve	14,602	14,602
Options premium reserve	1,861,296	1,861,296
Share based payments reserve	2,053,254	1,282,681
Capital raising reserve	1,301,785	-
Balance at the end of the year	**5,230,937**	**3,158,579**
Asset revaluation reserve		
Balance at the beginning of the year	14,602	14,602
Reduction in reserve – disposal of assets	–	–
Balance at the end of the year	**14,602**	**14,602**

The reserve records revaluations of non-current assets.

	2020 $	2019 $
Options premium reserve		
Balance at the beginning of the year	1,861,296	1,660,694
Expense relating to options issued	–	200,602
Balance at the end of the year	**1,861,296**	**1,861,296**
Share-based payments reserve		
Balance at the beginning of the year	1,282,681	678,308
Expense related to performance rights issued 20 September 2016	26,285	117,000
Expense related to Vodia performance shares issued 14 July 2018	1,887	8,686
Expense related to performance rights issued 28 July 2017	742,401	488,687
Conversion of Vodia Performance Shares to ordinary shares	-	(10,000)
Balance at the end of the year	**2,053,254**	**1,282,681**

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

	2020 $	2019 $
Capital raising reserve		
Balance at the beginning of the year	–	–
Share capital received in advance	1,400,000	-
Capital raising costs paid in advance	(98,215)	
Balance at the end of the year	**1,301,785**	**-**

The reserve records fund received in advance for the issue of share capital (net of associated costs).

Note 23 / Contingent Liabilities and Contingent Assets

Contingent Liabilities

There were no known contingent liabilities at reporting date (2019: nil).

Contingent Assets

There are contingent assets at reporting date of $750,000 (2019: nil).

Vonex Ltd may receive up to $750,000 in future years in relation to the disposal of its iron ore production royalties derived from the Koolyanobbing Iron Ore Project. The company may receive this in two tranches subject to the following milestones:

> $250,000 cash payable upon three million dry metric tonnes of iron ore being produced and accounted for in royalty invoices from M77/1258

> $500,000 cash payable upon five million dry metric tonnes of iron ore being produced and accounted for in royalty invoices from M77/1258

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: provides wholesale customers access to the core Vonex PBX, call termination services, NBN and 4G mobile broadband at wholesale rates via a “white label” model.

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.

The working capital position of the company at 30 June 2020 and 30 June 2019 are as follows:

	30 June 2020			
Segment Performance	**Wholesale**	**Retail**	**Corporate**	**Total**
	$	**$**	**$**	**$**
External customer sales	4,002,791	8,767,513	–	**12,770,304**
Other revenues	118,095	63,470	2,447,349	**2,628,914**
Interest received	171	–	6,645	**6,816**
Total segment revenues	4,121,057	8,830,983	2,453,994	**15,406,034**
EBITDA	336,014	433,500	(898,719)	**(129,205)**
Depreciation and amortisation	(56,586)	(122,993)	(237,086)	**(416,665)**
Interest revenue	171	–	6,645	**6,816**
Finance costs	(11,452)	(21,986)	(23,746)	**(57,184)**
Segment Profit / (loss) after income tax expenses	268,147	288,521	(1,152,906)	**(596,238)**
Segment assets	1,823,995	3,305,307	6,452,883	**11,582,185**
Total assets				**11,582,185**
Segment liabilities	1,244,692	1,016,563	2,402,367	**4,663,622**
Total liabilities				**4,663,622**

	30 June 2019			
Segment Performance	**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	7,559958	366,147	**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 25 / Cash Flow Information

Reconciliation of cash flows from operations with loss after Income Tax	2020 $	2019 $
Loss after income tax	(596,238)	(2,791,622)
Non-cash items		
Depreciation and amortisation expense	416,665	140,637
Promotion expenses – equity settled	-	38,280
Share based payments	770,573	1,008,458
Loss on disposal of assets/investments	2,541	24,185
Bad debts	11,623	11,270
Interest adjustments	52,393	(1,975)
Other	-	5,285
Debt forgiven	(11,821)	(12,797)
Changes in assets and liabilities:		
Trade and other receivables		
Trade and other receivables (current)	(891,863)	69,527
Other assets	(110,621)	(326,130)
Provisions	26,754	40,604
Trade and other payables	(399,248)	35,041
Cash flow used in operating activities	**(729,242)**	**(1,759,235)**

Note 26 / Accumulated losses

	2020 $	2019 $
Accumulated losses at beginning of financial year	(45,308,426)	(42,516,804)
Net loss attributable to members of the company at end of financial year	(596,238)	(2,791,622)
Retained earnings adjustment – adoption of AASB 16	(49,875)	-
Accumulated losses at end of financial year	**(45,954,539)**	**(45,308,426)**

Note 27 / Events after the Reporting Period

Subsequent to the reporting period on 1 July 2020 Vonex raised $1,400,000 in a share placement via the issue of 14,736,843 ordinary fully-paid shares (at $0.095 per share).

COVID-19

On 31 January 2020, the World Health Organisation ('WHO') announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. Because of the rapid increase in exposure globally, on 11 March 2020, the WHO classified the COVID-19 outbreak as a pandemic.

The full impact of the COVID-19 outbreak continues to evolve at the date of this report. The company is therefore uncertain as to the full impact that the pandemic will have on its financial condition, liquidity, and future results of operation during future years.

Management is actively monitoring the global situation and its impact on the Company's financial condition, liquidity, operations, supplier, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb the spread, the Company is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity in future years.

Although the Company cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have a material adverse effect on the Company's results of future operations, financial position, and liquidity in future years.

Apart from the disclosures made within this report, no other matter or circumstance has arisen since 30 June 2020 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.

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 14.

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:

	2020 $	2019 $
Services Provided		
Company secretarial, corporate compliance, bookkeeping and accounting fees from Minerva Corporate (director-related entity of Nicholas Ong)	74,161	54,000
Payments for legal fees from Bowen Buchbinder Vilensky (director-related entity of David Vilensky)	37,378	40,550

Receivable from and payable to related parties

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

	2020	2019
	$	$
Current Payables		
Trade payables to Minerva Corporate (director-related entity of Nicholas Ong)	4,950	9,900
Trade payables to The Telephone People & Silver Consulting (director-related entity of Matthew Fahey)	–	–

Note 29 / Financial Instruments

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 1-5 Years	Non-Interest Bearing	Total
2020	%	$	$	$	$	$
Financial assets						
Cash	0.5	4,810,446	-	-	1,352	**4,811,798**
Receivables	-	-	-	-	1,508,478	**1,508,478**
Total Financial assets		**4,810,446**	**-**	**-**	**1,509,830**	**6,320,276**
Financial liabilities						
Payables	-	-	-	-	3,102,131	3,102,131
Net Financial liabilities		**-**	**-**	**-**	**3,102,131**	**3,102,131**
Net Financial assets		**4,810,446**	**-**	**-**	**(1,592,301)**	**3,218,145**

2019	Weighted Average Interest Rate	Floating Interest Rate	Fixed Interest Rate Within 1 Year	Fixed Interest Rate Within 1-5 Years	Non-Interest Bearing	Total
	%	$	$	$	$	$
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
Net Financial liabilities		**-**	**-**	**-**	**1,530,597**	**1,530,597**
Net Financial assets		**3,172,003**	**-**	**-**	**(992,714)**	**2,179,290**

Sensitivity Analysis

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

(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	2020	2019
		$	$
Cash and cash equivalents			
AA Rated	9	4,811,798	3,173,355

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 2020.

(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.

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

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	$	$	$	$	$	$	$	$
Financial liabilities								
Payables	3,102,131	1,530,597	–	–	–	–	**3,102,131**	**1,530,597**
Borrowings	–	–	–	–	–	–	**-**	**-**
Lease Liability	267,300	–	683,250	–	–	–	**950,550**	**-**
Total expected outflows	**3,369,431**	**1,530,597**	**683,250**	**-**	**-**	**-**	**4,052,681**	**1,530,597**
Financial assets								
Cash and cash equivalents	4,811,798	3,173,355	–	–	–	–	**4,811,798**	**3,173,355**
Receivables	1,508,478	624,530	–	–	–	–	**1,508,478**	**624,530**
Total anticipated inflows	**6,320,276**	**3,797,885**	**-**	**-**	**-**	**-**	**6,320,276**	**3,797,885**
Net inflow / (outflow) on financial instruments	**2,950,845**	**2,267,288**	**(683,250)**	**-**	**-**	**-**	**2,267,595**	**2,267,288**

(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 / 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 $770,573 (2019: $1,008,458)

Share Based Payment Expense	2020	2019
	$	$
Performance Rights – Key Management Personnel – 20 September 2016	13,143	78,000
Performance Rights – Other Personnel – 20 September 2016	13,143	39,000
Performance Rights – Vodia Networks Inc - 14 July 2018	1,886	8,686
Performance Rights – Key Management Personnel – 28 July 2017	386,887	264,537
Performance Rights – Other Personnel – 28 July 2017	355,514	224,150
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
Total Share Based Payment Expense	**770,573**	**1,008,458**

Movement in share rights and performance shares during the period	Number of performance rights	Weighted average exercise price ($)
Balance at beginning of period	27,560,000	-
Vested during the period	-	-
Balance at end of period	**27,560,000**	**-**

Performance rights granted during the period:

Total performance rights granted during the period was $nil (2019: $nil).

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	Date of Milestone Achievements	Underlying Share Price	Total Fair Price
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	01/07/2019	$0.20	$10,000
4	50,000	14/07/17	01/07/2020	$0.20	$10,000

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

Performance Milestones:

Tranche 1 vested and was converted into ordinary shares on 7 June 2018.

Tranche 2 vested and was converted into ordinary shares on 14 February 2019.

Tranche 3 vested and was converted into ordinary shares on 1 July 2020.

Tranche 4 vested and was converted into ordinary shares 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 Price
1	7,260,000	28/07/17	Vested	$0.20	$1,452,000
2	4,840,000	28/07/17	01/07/2020	$0.20	$968,000
3	4,840,000	28/07/17	28/07/2021	$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. The milestone has been achieved after the financial year on 1 July 2020, however the conversion will not occur until after finalisation of the annual report audit.

Tranche 3 performance rights are outstanding – Convertible upon company achieving audited net profit after tax of $1 million in a financial year.

No value has been allocated to the performance rights due to significant uncertainty of 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 Vonex 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 Vonex 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 Vonex when Oper8tor reaches 20 million Active Users.

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 Price
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	01/07/2020	$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 23/06/2018.

Tranche 3 performance rights are outstanding. Convertible upon company reaching $10 million annualised revenue per annum in any quarter. The milestone has been achieved after the financial year on 1 July 2020, however the conversion will not occur until after finalisation of the annual report audit.

Options granted during the period

Total options granted during the period was nil. (2019:nil).

Grant Date	Expiry Date	Exercise Price	Balance at the start of the year	Granted	Exercised	Expired / Forfeited	Balance at the end of the 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
05/06/2019	30/11/22	$0.20	3,215,060	-	-	-	3,215,060
05/06/2019	30/11/22	$0.20	1,800,000	-	-	-	1,800,000
			41,868,541	**-**	**-**	**(7,500,000)**	**34,368,541**

Weighted average exercise price: $0.2449

The weighted average remaining contractual life of options outstanding was 2.63 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 31 / Business Combinations

On 28 February 2020 Vonex Ltd, acquired the business of 2SG Wholesale Pty Ltd ('2SG'). 2SG Wholesale is a telecommunications and data wholesaler based in Brisbane, Queensland which provides Australian Managed Service Providers, ISPs and System Integrators with access to the latest in hardware and connectivity solutions from leading brands. 2SG 's mobile broadband capability provides Australian ISPs the opportunity to sell a wireless broadband solution via the Optus 4G Network. Integration with Australia's premier carriers facilitates the delivery of the latest fixed line, mobile connectivity and hardware solutions country-wide. The intangible assets of $2,633,248 represents the expansion of Vonex's diversified wholesale service offerings commencement as it expands its brand and exposure within the Australia telecommunications market along with extensive cross-sell opportunities within 2SG's customer base acquired as part of the total consideration. The acquired business contributed revenues of $2,510,972 to the consolidated entity for the period from 28 February 2020 to 30 June 2020. If the acquisition occurred on 1 July 2019, the revenue would be approximately $7,500,000. The values identified in relation to the acquisition of 2SG are provisional as at 30 June 2020.

Details of the acquisition are as follows:

	Fair Value $
Other assets	24,747
Employee benefits	(55,820)
Net liabilities acquired	(31,073)
Intangible assets	2,633,248
Acquisition-date fair value of the total consideration transferred	2,602,075
Representing	
Cash paid or payable to vendor	444,180
Shares issued	2,157,895
Acquisition costs capitalised	2,602,075
Cash used to acquire business, net of cash acquired	
Acquisition-date fair value of the total consideration transferred	500,000
Less: employee benefits	(55,820)
Net cash used	444,180

The fair values of 2SG Wholesale Business assets and liabilities have been measured provisionally. If new information is obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the amounts above, the accounting for the acquisition will be revised.

Note 32 / Company Details

The registered office is:

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

The principal place of business is:

Level 6, 303 Coronation Drive, Milton, QLD, 4064

Director’s Declaration

In the directors’ opinion:

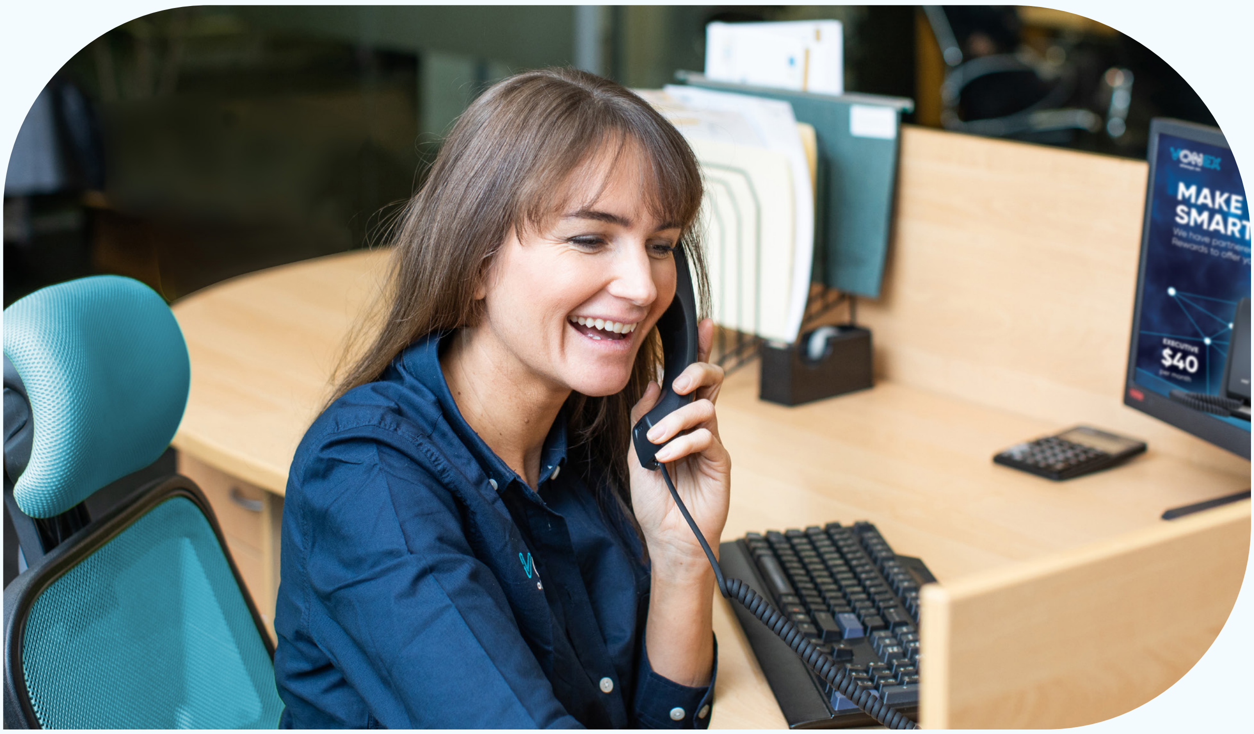
- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards 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 2020 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
31 August 2020



RSM Australia Partners

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

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

www.rsm.com.au

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 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, 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 2020 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 $3,585,039 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 $2,985,039 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 judgements 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 other intangible assets included: • Critically evaluating management's assessment that no impairment indicators were present at 30 June 2020; and • Checking the mathematical accuracy of the amortisation expense of the intangible assets.
Acquisition of 2SG Wholesale business Refer to Note 31 in the financial statements	
The Group acquired the 2SG Wholesale business on 28 February 2020. The transaction was treated as a business combination in accordance with AASB 3 *Business Combinations*. The provisional purchase price allocation has resulted in intangible assets of $2,633,248 being recognised. This was considered a key audit matter because the accounting for the transaction is complex and involves significant judgments. These include the recognition and valuation of consideration paid and the determination of the fair value of the assets acquired and liabilities assumed.	Our audit procedures included: • Obtaining the purchase agreement and other associated documents to obtain an understanding of the transaction and the related accounting considerations; • Determination that the acquisition met the definition of a business in accordance with Accounting Standards; • Assessing management's determination of the acquisition date, fair value of consideration paid, assets acquired and liabilities assumed; and • Reviewing the disclosures in the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the directors' report 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: https://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 2020.

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

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with 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: 31 August 2020

Additional Information

Shareholder Information (as at 25 August 2020)

(i) Number of shareholders: 1,644

(ii) Ordinary shares issued: 185,759,152

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

Category (size of holding)	Holders	Total Units
1 - 1000	185	57,087
1,001 - 5,000	385	1,382,098
5,001 - 10,000	362	2,791,064
10,001 - 100,000	531	18,798,829
100,001 - and over	181	162,730,074
Total	**1,644**	**185,759,152**

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 25 August 2020

Rank	Name	Units	%Units
1	2SG INVESTMENTS PTY LTD	21,578,947	11.62
2	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	20,686,383	11.14
3	FINANCE WEST PTY LTD <FINANCE WEST A/C>	16,203,739	8.72
4	CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	12,058,922	6.49
5	CARMINE LION GROUP PTY LTD	7,220,596	3.89
6	MR MATTHEW BRIAN MICHAEL FAHEY <FAHEY FAMILY A/C>	5,533,698	2.98
7	HSBC CUSTODY NOMINEES (AUSTRALIA)	4,688,171	2.52
8	CONFADENT LIMITED	3,500,000	1.88
9	GUAVA CAPITAL PTY LTD	3,078,620	1.66
10	STATE ONE STOCKBROKING LTD	2,591,140	1.39
11	COLIENS CORPORATION PTY LTD	2,420,000	1.30
12	STATE ONE HOLDINGS PTY LTD	2,385,109	1.28
13	MS TOW LOY SUN <QUPIT FAMILY A/C>	2,330,000	1.25
14	LATERAL CONSULTING (WA) PTY LTD <PATON SUPER FUND A/C>	2,239,381	1.21
15	GUAVA CAPITAL PTY LTD	2,158,188	1.16
16	LA'MONDE INDUSTRIES PTY LTD <DORIZZI SUPER FUND A/C>	1,449,634	0.78
17	DR ROBERT POPOVIC	1,399,612	0.75
18	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	1,354,116	0.73
19	THOMAS FAMILY HOLDINGS PTY LTD <THE THOMAS FAMILY SFUND A/C>	1,310,037	0.71
20	DMX CAPITAL PARTNERS LIMITED	1,157,895	0.62
	Total	**115,344,188**	**62.09%**
	Total Remaining Holders Balance	**70,414,964**	**37.91%**
	Total Shares on Issue	**185,759,152**	**100%**

Substantial Shareholders

As at 25 August 2020, shareholders with a relevant interest in 5% or more of the Company's securities are set out below:

No. of Shares	%Interest	Name
21,578,947	11.62	2SG INVESTMENTS PTY LTD
20,686,383	11.14	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED
17,283,892	9.30	FINANCE WEST PTY LTD & ANGUS PARKER
12,058,922	6.49	CS THIRD NOMINEES PTY LIMITED

Voting Rights of Options

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

Unquoted Securities

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

Number	Class
14,500,000	options exercisable at 30¢ expiring 7/6/2023
19,734,791	options exercisable at 20¢ expiring 30/11/2022
27,460,000	performance rights with various vesting milestones

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

As at 25 August 2020 the following classes of unquoted securities had holders with greater than 20% of that class on issue is set out below.

Options exercisable at 30¢ expiring 7/6/2023	
CODE NOMINEES PTY LTD	64.83
STATE ONE EQUITIES PTY LTD	28.74
Performance Rights	
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
21,578,947	Ordinary fully paid shares (2SG Investments Pty Ltd) escrowed to 28 February 2021

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 2020 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/**

Vonex Ltd (ASX:VN8)
ABN 39 063 074 635 / ACN: 063 074 635
Level 6, 303 Coronation Drive Brisbane QLD 4064

13 VONEX
investor@vonex.com
vonex.com.au