

# Story-i Limited

ABN 56 163 916 989

and its controlled entities

## ANNUAL REPORT

30 June 2020



your apple, our story



Authorised  
Reseller

**Corporate directory****Current Directors**

Djohan Widodo	<i>Chairman</i>
Michael Chan	<i>Executive Director</i>
Michael Pixley	<i>Non-executive Director</i>
Han Peng Lee	<i>Non-executive Director</i>
Chek Ming Cheng	<i>Non-executive Director</i>

**Company Secretary**

Stuart Usher

**Registered Office**

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**Share Registry**

Advanced Share Registry Limited

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NEDLANDS WA 6009

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**Auditors**

Stantons International Audit and Consulting Pty Ltd

Street: Level 2, 1 Walker Avenue  
WEST PERTH WA 6005

Telephone: +61 (0)8 9481 3188

**Securities Exchange**

Australian Securities Exchange

Level 40, Central Park, 152-158 St Georges Terrace  
Perth WA 6000

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ASX Code SRY

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## Directors' report

Your directors present their report on the Group, consisting of Story-i Limited (**Story-i** or **the Company**) and its controlled entities PT Inetindo Infocom and Story-I Pte Ltd (collectively **the Group**), for the financial year ended 30 June 2020.

Story-i is listed on the Australian Securities Exchange (ASX:SRY).

### 1. Directors

The names of Directors in office at any time during or since the end of the year are:

- |                   |   |
|-------------------|---|
| ■ Djohan Widodo   | <i>Chairman</i>   |
| ■ Michael Chan    | <i>Executive Director</i>                               |
| ■ Michael Pixley  | <i>Non-Executive Director</i>                           |
| ■ Han Peng Lee    | <i>Non-Executive Director</i>                           |
| ■ Chek Ming Cheng | <i>Non-Executive Director (appointed 4 August 2020)</i> |

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated. For additional information of Directors including details of the qualifications of Directors please refer to paragraph 7 Information relating to the directors of this Directors' Report.

### 2. Company secretary

The following person held the position of Company Secretary at the end of the financial year:

- |                           |   |
|---------------------------|---|
| ■ Mr Stuart Douglas Usher |   |
| Qualifications            | <input type="checkbox"/> B.Bus, CPA, Grad Dip CSP, MBA, AGIA, ACIS  |
| Experience                | <input type="checkbox"/> Mr Usher is a CPA and Chartered Company Secretary with 25 years of extensive experience in the management and corporate affairs of public listed companies. He holds an MBA from the University of Western Australia and has extensive experience across many industries focusing on Corporate & Financial Management, Strategy & Planning, Mergers & Acquisitions, and Investor Relations & Corporate Governance. |

### 3. Dividends paid or recommended

There were no dividends paid or recommended during the financial year ended 30 June 2020.

### 4. Significant Changes in the state of affairs

There have been no significant changes in the state of affairs of the Group during the financial year ended 30 June 2020 other than disclosed elsewhere in this Annual Report.

### 5. Operating and financial review

#### 5.1. Nature of Operations Principal Activities

The principal activities of the Group, through its Indonesian operating subsidiary, is as an Apple Premium Reseller, Apple Authorised Service Provider and IT lifestyle product retailer with 25 stores in 10 cities throughout Indonesia.

#### 5.2. Operations Review

For the operating entity PT Inetindo Infocom, FY2020 was characterised by the stark difference in trading results in the first half vs the second half. In 1HFY20 revenues of \$24.5 million was an increase of 23.5% on the previous corresponding period (pcp) while net profit after tax of \$1.05 million was an increase of 24.4% on the pcp. With the onset of the COVID-19 pandemic in 2HFY20, Indonesia, like many economies in response to the pandemic, curtailed business, school and other public activities from March 2020 onwards. This meant that many of our retail outlets, campus stores and service centres were shut during the last quarter of FY20 which significantly affected sales across the group. As a result, there was a sharp deterioration in the operating results in 2HFY20.

Unlike other countries like Singapore and Australia which provided the retail industry with rent relief and the equivalent of JobKeeper payments, Indonesia provided limited support leaving COVID-19 exposed industry sectors to cope with their staff and operating costs. During this period we had some success in negotiations with the landlords for rent reductions and waiver of service charges. Salary reductions of 50% were implemented for directors, management and staff for an initial 6 month period with effect from 1 April 2020.

All stores with the exception of the campus stores have since re-opened around end June 2020.

## Directors' report

### 5.3. Financial Review

#### a. Revenues

The Group's revenue for the year ended 30 June 2020 increased by 2.94% to \$42,654,256 as compared with the previous year ended 30 June 2019 which recorded \$41,436,898.

#### b. Operating Results

The Group incurred a loss for the year of \$503,754 (2019: \$735,108 profit restated) attributable to owners of the Group.

#### c. Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA), and Net (Loss)/Profit Before Taxation (NPBT)

The Group recorded EBITDA of approximately \$3.16 million for 2020 (2019: \$3.07 million) and loss before tax of \$0.30 million for 2020 (restated profit before tax in 2019: \$1.28 million) were lower than the prior year.

#### d. Financial position

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The net assets of the Group have increased from 30 June 2019 by \$0.96 million to \$16.91 million at 30 June 2020 (2019: \$15.95 million).

As at 30 June 2020, the Group's cash and cash equivalents decreased from 30 June 2019 by \$2.45 million to \$2.65 million at 30 June 2020 (restated 2019: \$5.10 million) and had working capital of \$7.54 million (2019: \$7.63 million working capital). Please refer to the Operations Review above for additional business segment performance.

### 5.4. Events Subsequent to Reporting Date

There are no other significant after balance date events that are not covered in this Directors' Report or within the financial statements as disclosed in Note 13 Events subsequent to reporting date on page 45.

### 5.5. Future Developments, Prospects and Business Strategies

A group subsidiary was incorporated for a possible investment in a new line of business.

The Group expects to maintain the present status and level of operation and there are no other likely unwarranted developments in the entity's operations other than as mentioned above.

### 5.6. Environmental Regulations

The Group ensures the appropriate standard of environmental care is achieved and, in doing so, that it is aware of and is in compliance with all environmental legislation. The Directors of the Company are not aware of any breach of environmental legislation for the year.

The Directors have considered the enacted *National Greenhouse and Energy Reporting Act 2007* (the NGER Act) which introduced a single national reporting framework for the reporting and dissemination of information about the greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations. At the current stage of development, the Directors have determined that the NGER Act has no effect on the Group for the current, nor subsequent, financial year. The Directors will reassess this position as and when the need arises.

## 6. Risk Management

The Board is responsible for ensuring that risks and opportunities are identified in a timely manner and that activities are aligned with the risks and opportunities identified by the Board.

## 7. Information relating to the directors

### ■ Djohan Widodo

☐ Chairman  
Non-independent

#### Qualifications

☐ Master of Science in Industrial Engineering from the University of Southern California.

#### Experience

☐ Mr Widodo is currently the Chief Executive Officer of PT Senopati and PT Wima Tiga Berlian, part of the Senopati Group, whose activities include logistics, warehousing and distribution of automotive parts for Mitsubishi vehicles in Indonesia. Mr Widodo has over 16 years of working experience with the group.

Interest in Shares and Options ☐ 1,309,090 Ordinary Shares

## Directors' report

Directorships held in other listed entities during the three years prior to the current year

☐ None

■ **Michael Chan**

☐ Executive Director  
Non-independent

Experience

☐ Mr Chan is the founder of Story-i. Starting with 1 store in mid-2010, he has built up the company to its current network of 28 stores in over 10 cities in Indonesia. His primary responsibility is working with the management team to expand the store network in Indonesia and development of the educational market in Indonesia.

He has over 22 years of business experience and has held various management positions in companies within the telecommunications and IT industry in Malaysia and Indonesia.

Interest in Shares and Options

☐ 47,509,646 Ordinary Shares

Directorships held in other listed entities during the three years prior to the current year

☐ None

■ **Michael Pixley**

☐ Non-Executive Director  
Independent

Qualifications

☐ B.Bus

Experience

☐ Mr Pixley has worked as a merchant banker specialising in strategic corporate development, joint ventures and acquisitions. He has over 20 years' experience in the Asian business sector and has extensive network and relationships with key personnel in government, corporate and private sectors in the Asia pacific region.

Mr Pixley was part of the management team of a prominent Asian group that over a period of 10 years oversaw the development of industrial properties throughout China, developments in Australia and the expansion of industrial manufacturing plants in Asia.

Interest in Shares and Options

☐ 20,000 Ordinary Shares

Directorships held in other listed entities during the three years prior to the current year

☐ Current:  
Eneco Refresh Ltd (August 2016 to present) (ASX: ERG)  
Credit Intelligence Ltd ( March 2020 to present) (ASX: CI1)

■ **Han Peng Lee**

☐ Non-Executive Director  
Independent

Qualifications

☐ B. Laws

Experience

☐ Mr Lee is an experienced corporate executive having 15 years' experience in improving processes and cost cutting while efficiently managing office environments. Mr Lee has held the position of General Manager of HH Cement Sdn Bhd and has previously been employed by Chop Hock Huat and Standard Chartered Bank

Interest in Shares and Options

☐ 19,309,090 Ordinary Shares

Directorships held in other listed entities during the three years prior to the current year

☐ None

■ **Chek Ming Cheng**

☐ Non-Executive Director (*appointed 4 August 2020*)  
Independent

Qualifications

☐ B.Bus CPA

Experience

☐ Mr Cheng has 16 years of experience in Finance and Accounting across a wide range of industries in Australia. Mr Cheng has a Bachelor of Business in Accounting (Honour) from Monash University and is qualified as a CPA. Mr Cheng is currently the Project Director at the Leeka Group, which is a boutique property development group in Melbourne.

Interest in Shares and Options

☐ Nil Ordinary Shares

## Directors' report

Directorships held in other ☐ None  
listed entities during the three  
years prior to the current year

### 8. Meetings of directors and committees

During the financial year, seven meetings of Directors (including committees of Directors) were held. Attendances by each Director during the year are stated in the following table.

	DIRECTORS' MEETINGS		REMUNERATION AND NOMINATION COMMITTEE		FINANCE AND OPERATIONS COMMITTEE		AUDIT COMMITTEE	
	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended
Djohan Widodo	7	7	<i>At the date of this report, the Audit, Nomination, and Finance and Operations Committees comprise the full Board of Directors. The Directors believe the Company is not currently of a size nor are its affairs of such complexity as to warrant the establishment of these separate committees. Accordingly, all matters capable of delegation to such committees are considered by the full Board of Directors.</i>					
Michael Chan	7	7						
Michael Pixley	7	7						
Han Peng Lee	7	6						
Chek Ming Cheng	0	0						

### 9. Indemnifying officers or auditor

#### 9.1. Indemnification

The Group has agreed to indemnify all the directors of Story-i for any liabilities to another person (other than the Group or related body corporate) that may arise from their position as directors of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith.

#### 9.2. Insurance premiums

During the year, the Group paid insurance premiums to insure directors and officers against certain liabilities arising out of their conduct while acting as an officer of the Group. In accordance with the policy, the amount of premium cannot be disclosed.

### 10. Options

#### 10.1. Unissued shares under option

At the date of this report, there is no unissued ordinary shares of the Company under option (listed and unlisted). (2019: Nil)

#### 10.2. Shares issued on exercise of options

No ordinary shares have been issued by the Company during the financial year as a result of the exercise of options (2019: Nil).

### 11. Non-audit services

During the year, Stantons International Audit and Consulting Pty Ltd (**Stantons**), the Company's auditor, provided no other services apart from their statutory audits (2019: Bentleys NSW Audit Pty Ltd \$nil). Details of remuneration paid to the auditors can be found within the financial statements at Note 17 Auditor's Remuneration on page 46.

In the event that non-audit services are provided by Stantons, the Board has established certain procedures to ensure that the provision of non-audit services are compatible with, and do not compromise, the auditor independence requirements of the *Corporations Act 2001* (Cth). These procedures include:

- non-audit services will be subject to the corporate governance procedures adopted by the Company and will be reviewed by the Board to ensure they do not impact the integrity and objectivity of the auditor; and
- ensuring non-audit services do not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

**Directors' report****12. Proceedings on behalf of Group**

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

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

**13. Auditor's independence declaration**

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* (Cth) for the year ended 30 June 2020 has been received and can be found on page 10 of the annual report.

## DIRECTORS' REPORT

### 14. Remuneration report (audited)

This report outlines the remuneration arrangements in place for Directors and key management personnel of the Group for the year ended 30 June 2020. The information in this remuneration report has been audited as required by s308(3C) of the *Corporations Act 2001* (Cth).

#### 14.1. Key management personnel (KMP)

KMP have authority and responsibility for planning, directing and controlling the activities of the Group. KMP comprise the directors of the Group and key executive personnel:

■ Djohan Widodo	Chairman
■ Michael Chan	Executive Director
■ Michael Pixley	Non-Executive Director
■ Han Peng Lee	Non-Executive Director

#### 14.2. Principles used to determine the nature and amount of remuneration

##### a. Remuneration policy

The remuneration policy of Story-I Limited aligns director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and, where the Board believes it appropriate, may also include specific long-term incentives based on key performance areas affecting the Group's ability to attract and retain the best executives and directors to run and manage the Group.

The Board policy is to remunerate directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to directors and reviews their remuneration annually based on market practice, duties and accountability. Independent external advice is sought when required.

##### b. Remuneration committee

Currently the responsibilities of the Remuneration Committee are undertaken by the full Board.

The Remuneration Committee of the Board of Directors of the Group is responsible for determining and reviewing compensation arrangements for the directors, the CEO and the executive team.

The Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of directors and executives on a periodic basis by reference to relevant employment market conditions with an overall objective of ensuring maximum stakeholder benefit from the retention of a high quality KMP.

##### c. Remuneration structure

The remuneration policy setting out the terms and conditions for the executive directors and other senior executives was developed by the Board.

##### (1) Non-executive director remuneration

Non-executive directors remuneration are adjusted from time to time by the Board.

The remuneration of non-executive directors for the period ended 30 June 2020 is detailed in section 14.3 of this remuneration report.

##### (2) Executive remuneration

All executives receive a base salary (which is based on factors such as ability and experience). The Board reviews executive packages annually by reference to the economic entity's performance, executive performance, and comparable information from industry sectors and other listed companies in similar industries. The performance of any executive directors is measured against the objective of promoting growth in shareholder value.

Details of the nature and amount of each element of each Director, including any related company and each KMP are set out below.

## Directors' report

## 14. Remuneration report (audited)

## d. Performance Based Remuneration – Short-term and long-term incentive structure

The Board may exercise discretion in relation to approving incentives, bonuses, and options. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth. Executives may, where the Board believes it appropriate, participate in employee share and option arrangements.

There was nil performance-based remuneration for the year ended 30 June 2020 (2019: Nil).

## e. Service Contracts

There are no other agreements with key management personnel.

## f. Engagement of Remuneration Consultants

During the financial year, the Group did not engage any remuneration consultants.

## 14.3. Directors and KMP remuneration

Details of the remuneration of the Directors and KMP of the Group (as defined in AASB 124 Related Party Disclosures) are set out in the following table.

2020 – Group										
Group KMP	Short-term benefits				Post-employment benefits	Long-term benefits	Termination benefits	Equity-settled share-based payments		Total
	Salary, fees and leave	Profit share and bonuses	Non-monetary	Other				Equity	Options	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Djohan Widodo <sup>1</sup>	31,500	-	-	-	-	-	-	-	-	31,500
Michael Chan <sup>2</sup>	105,000	-	-	-	-	-	-	-	-	105,000
Michael Pixley <sup>1</sup>	31,500	-	-	-	-	-	-	-	-	31,500
Han Peng Lee <sup>1</sup>	31,500	-	-	-	-	-	-	-	-	31,500
	199,500	-	-	-	-	-	-	-	-	199,500
2019 – Group										
Group KMP	Short-term benefits				Post-employment benefits	Long-term benefits	Termination benefits	Equity-settled share-based payments		Total
	Salary, fees and leave	Profit share and bonuses	Non-monetary	Other				Equity	Options	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Djohan Widodo <sup>3</sup>	-	-	-	-	-	-	-	36,000	-	36,000
Michael Chan <sup>4</sup>	-	-	-	-	-	-	-	120,000	-	120,000
Michael Pixley <sup>3</sup>	36,000	-	-	-	-	-	-	-	-	36,000
Han Peng Lee <sup>3</sup>	-	-	-	-	-	-	-	36,000	-	36,000
	36,000	-	-	-	-	-	-	192,000	-	228,000

1. Djohan Widodo, Michael Pixley and Han Peng Lee were paid \$3,000 per month of directors' fees from 1 July 2019 to 31 March 2020 and \$1,500 per month from 1 April 2020 to 30 June 2020 each.
2. Michael Chan was paid \$10,000 per month of director's fees from 1 July 2019 to 31 March 2020 and \$5,000 per month from 1 April 2020 to 30 June 2020.
3. Djohan Widodo, Michael Pixley and Han Peng Lee were paid \$3,000 per month of directors' fees in FY2019.
4. Michael Chan was paid \$10,000 of director's fees per month in FY 2019.

## Directors' report

## 14. Remuneration report (audited)

## 14.4. Share-based compensation

The Group believes that encouraging its directors and executives to become shareholders is the best way of aligning their interests with those of its shareholders. At present the Group does not have an employee share option plan.

6,981,816 shares were issued during the year to settle the accrued directors' fees in prior year as approved in the AGM on 29 November 2019 (2019: no shares were issued in lieu of directors' fees).

There were no equity instruments issued during the year to Directors as a result of options exercised that had previously been granted as compensation (2019: Nil).

## a. Securities received that are not performance-related

No members of KMP are entitled to receive securities that are not performance-based as part of their remuneration package.

## b. Options and Rights Granted as Remuneration

No equity instruments were granted in the financial year ended 30 June 2020. (2019: nil)

## 14.5. KMP equity holdings

## a. Fully paid ordinary shares of Story-i Limited held by each KMP

2020 – Group					
Group KMP	Balance at start of year No.	Received during the year as compensation No.	Received during the year on the exercise of options No.	Other changes during the year No.	Balance at end of year No.
Djohan Widodo	-	1,309,090	-	-	1,309,090
Michael Chan	23,310,000	4,363,636	-	19,836,010	47,509,646
Michael Pixley	20,000	-	-	-	20,000
Han Peng Lee	18,000,000	1,309,090	-	-	19,309,090
	41,330,000	6,981,816	-	19,836,010	68,147,826

## b. Options in Story-i Limited held by each KMP

No option issued to KMP during the year (2019: nil).

## 14.6. Other Equity-related KMP Transactions

There have been no other transactions involving equity instruments other than those described in the tables above relating to options, rights and shareholdings.

## 14.7. Other transactions with KMP and or their Related

Related party	Type of transaction	2020	2019
		\$	\$
PT Sigmadala – Associate	Sale of goods	-	664,036
PT Inetdata Indonesia - Associate	Sale of goods	628,551	-
PT Cipta Handal Eternal - Associate	Sale of goods	129,458	-
PT Menara Gemerlap Kulineri - Associate	Sale of goods	19,609	-
PT Tri Berkas Gemilang - Associate	Sale of goods	1,304	-
O W Widodo	Shareholder loan	-	1,088,023
B Widodo	Shareholder loan	-	370,825
K. Tang	Loan	62,657	69,519

There have been no other transactions in addition to those described above or as detailed in Note 16 Related party transactions.

## END OF REMUNERATION REPORT

## **Directors' report**

This Report of the Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of directors made pursuant to s.298(2) of the *Corporations Act 2001* (Cth).



**MICHAEL PIXLEY**

Non-executive Director

Dated this Monday, 2 November 2020

Stantons International Audit and Consulting Pty Ltd  
trading as

**Stantons International**  
Chartered Accountants and Consultants

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2 November 2020

Board of Directors  
Story-i Limited  
Level 1  
247 Oxford Street  
Leederville WA 6872

Dear Directors

**RE: STORY-I LIMITED**


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

As Audit Director for the audit of the financial statements of Story-I 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.

Yours sincerely

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



**Samir Tirodkar**  
Director

Liability limited by a scheme approved  
under Professional Standards Legislation

Member of Russell Bedford International



**Consolidated statement of profit or loss and other comprehensive income**

for the year ended 30 June 2020

	Note	2020 \$	Restated 2019 \$
<i>Continuing operations</i>			
Revenue	1	42,654,256	41,436,898
Costs of sales		(35,459,741)	(33,203,268)
<b>Gross Profit</b>		<b>7,194,515</b>	<b>8,233,630</b>
Other income	1	984,459	816,904
Marketing expenses		(1,158,442)	(2,031,300)
Interest expense		(1,097,496)	(860,552)
Depreciation		(2,362,981)	(930,020)
Foreign exchange (loss) / gain		(18,809)	20,448
General and administrative		(3,514,809)	(3,500,062)
Other expenses	1.4	(325,844)	(468,800)
(Loss) / profit before tax		(299,407)	1,280,248
Income tax expense	4.1	(216,261)	(489,670)
<b>Net (loss) / profit for the year</b>		<b>(515,668)</b>	<b>790,578</b>
<i>Other comprehensive income, net of income tax</i>			
■ Items that may be reclassified subsequently to profit or loss			
□ Foreign currency movement		(304,872)	704,611
□ Actuarial losses		(1,153)	-
<b>Other comprehensive income for the year, net of tax</b>		<b>(306,025)</b>	<b>704,611</b>
<b>Total comprehensive (loss)/income for the year, net of tax</b>		<b>(821,693)</b>	<b>1,495,189</b>
<i>(Loss) / profit for the year attributable to:</i>			
■ Non-controlling interest		(11,914)	55,470
■ Owners of the parent		(503,754)	735,108
		<b>(515,668)</b>	<b>790,578</b>
<i>Total comprehensive (loss)/income attributable to:</i>			
■ Non-controlling interest		(11,914)	74,667
■ Owners of the parent		(809,779)	1,420,522
		<b>(821,693)</b>	<b>1,495,189</b>
<i>Earnings per share:</i>			
		¢	¢
Basic (loss) / earnings per share (cents per share)	18	(0.15)	0.25
Diluted (loss) / earnings per share (cents per share)	18	(0.15)	0.27

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.

**Consolidated statement of financial position**

as at 30 June 2020

	Note	2020 \$	Restated 2019 \$	Restated 1 July 2018 \$
<i>Current assets</i>				
Cash and cash equivalents	5.1	2,648,706	5,099,716	1,918,458
Trade and other receivables	5.2.1	6,099,184	7,816,169	10,742,795
Other current assets	5.3.1	2,169,465	2,617,164	3,341,959
Inventories	6.1	11,710,291	11,912,034	5,192,151
<b>Total current assets</b>		<b>22,627,646</b>	<b>27,445,083</b>	<b>21,195,363</b>
<i>Non-current assets</i>				
Plant and equipment	6.2	6,351,599	7,200,007	1,610,794
Right of use assets	6.3.1	1,776,550	-	-
Intangible assets	6.4	1,068,223	1,058,962	1,015,639
Deferred tax asset	4.6	59,627	42,254	42,355
Other non-current assets	5.3.2	600,312	525,705	410,915
<b>Total non-current assets</b>		<b>9,856,311</b>	<b>8,826,928</b>	<b>3,079,703</b>
<b>Total assets</b>		<b>32,483,957</b>	<b>36,272,011</b>	<b>24,275,066</b>
<i>Current liabilities</i>				
Trade and other payables	5.4.1	4,050,799	6,891,344	6,696,433
Borrowings	5.5.1	9,890,383	11,799,959	1,706,077
Proceeds received for shares		-	-	600,000
Leases	6.3.2	824,633	-	-
<b>Total current liabilities</b>		<b>14,765,815</b>	<b>18,691,303</b>	<b>9,002,510</b>
<i>Non-current liabilities</i>				
Amount payable to former shareholders	5.4.2	-	1,458,848	1,241,133
Provisions	6.5	238,507	169,017	169,422
Leases	6.3.2	567,235	-	-
<b>Total non-current liabilities</b>		<b>805,742</b>	<b>1,627,865</b>	<b>1,410,555</b>
<b>Total liabilities</b>		<b>15,571,557</b>	<b>20,319,168</b>	<b>10,413,065</b>
<b>Net assets</b>		<b>16,912,400</b>	<b>15,952,843</b>	<b>13,862,001</b>
<i>Equity</i>				
Issued capital	7.1.1	9,527,324	7,532,206	6,936,553
Reserves		47,529	352,401	(333,013)
Retained earnings		6,788,377	7,496,459	6,761,351
Non-controlling interest		549,170	571,777	497,110
<b>Total equity</b>		<b>16,912,400</b>	<b>15,952,843</b>	<b>13,862,001</b>

The consolidated statement of financial position is to be read in conjunction with the accompanying notes.

**Consolidated statement of changes in equity**  
for the year ended 30 June 2020

	Note	Contributed equity \$	Retained earnings \$	Foreign Currency Translation Reserve \$	Sub-total \$	Non-controlling Interest (NCI) \$	Total equity \$
Balance at 1 July 2018		6,936,553	6,824,326	(333,013)	13,427,866	500,425	13,928,291
Prior year correction	24	-	(62,975)	-	(62,975)	(3,315)	(66,290)
Balance at 1 July 2018 (restated)		6,936,553	6,761,351	(333,013)	13,364,891	497,110	13,862,001
Profit for the year (restated)	24	-	735,108	-	735,108	55,470	790,578
Other comprehensive income for the year (restated)		-	-	685,414	685,414	19,197	704,611
Total comprehensive income for the year (restated)		-	735,108	685,414	1,420,522	74,667	1,495,189
Transaction with owners, directly in equity							
Shares issued during the year (net of costs)		595,653	-	-	595,653	-	595,653
Balance at 30 June 2019 (restated)		7,532,206	7,496,459	352,401	15,381,066	571,777	15,952,843
Balance at 1 July 2019		7,532,206	7,496,459	352,401	15,381,066	571,777	15,952,843
Change in accounting policy	23	-	(203,175)	-	(203,175)	(10,693)	(213,868)
Restated total equity at the beginning of the financial year		7,532,206	7,293,284	352,401	15,177,891	561,084	15,738,975
Profit for the year		-	(503,754)	-	(503,754)	(11,914)	(515,668)
Other comprehensive income for the year		-	(1,153)	(304,872)	(306,025)	-	(306,025)
Total comprehensive income for the year		-	(504,907)	(304,872)	(809,779)	(11,914)	(821,693)
Transaction with owners, directly in equity							
Shares issued during the year (net of costs)	7.1.1	1,995,118	-	-	1,995,118	-	1,995,118
Balance at 30 June 2020		9,527,324	6,788,377	47,529	16,363,230	549,170	16,912,400

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

**Consolidated statement of cash flows**

for the year ended 30 June 2020

	Note	2020 \$	2019 \$
<i>Cash flows from operating activities</i>			
Receipts from customers		43,819,657	44,389,865
Interest received		65,311	51,851
Interest paid (net of AASB 16 interest)		(1,057,836)	(860,552)
Payments to suppliers and employees		(42,135,911)	(34,878,115)
Income tax paid		(240,610)	(347,190)
Other receipts		435,044	137,684
<b>Net cash provided by operating activities</b>	5.1.2a	885,655	8,493,543
<i>Cash flows from investing activities</i>			
Purchase of plant and equipment and intangibles		(565,067)	(6,643,589)
Payment for security deposits		(74,607)	(61,536)
<b>Net cash (used in) investing activities</b>		(639,674)	(6,705,125)
<i>Cash flows from financing activities</i>			
Proceeds from issue of shares (net of share issue costs)		-	(4,347)
(Repayment of) / proceeds from bank loans		(159,841)	1,427,587
Repayment of borrowings		(1,672,053)	-
Repayment of other borrowings		-	(30,400)
Proceed from short-term loan		15,400	-
Repayment of convertible loan		(93,082)	-
Repayment of lease liabilities		(859,410)	-
<b>Net cash (used in) / provided by financing activities</b>		(2,768,986)	1,392,840
<b>Net increase in cash and cash equivalents held</b>		(2,523,005)	3,181,258
Cash and cash equivalents at the beginning of the year		5,099,716	1,918,458
Change in foreign currency held		71,995	-
<b>Cash and cash equivalents at the end of the year</b>	5.1	2,648,706	5,099,716

The consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

**Notes to the consolidated financial statements**

for the year ended 30 June 2020

In preparing the 2020 financial statements, Story-i Limited has grouped notes into sections under five key categories:

■ Section A: How the numbers are calculated.....	16
■ Section B: Risk .....	38
■ Section C: Group structure .....	43
■ Section D: Unrecognised items.....	45
■ Section E: Other Information.....	46

Significant accounting policies specific to each note are included within that note. Accounting policies that are determined to be non-significant are not included in the financial statements.

The presentation of the notes to the financial statements has changed from the prior year and is supported by the IASB's Disclosure Initiative. As part of this project, the AASB made amendments to AASB 101 Presentation of Financial Statements which have provided preparers with more flexibility in presenting the information in their financial reports.

The financial report is presented in Australian dollars, except where otherwise stated.

**Notes to the consolidated financial statements**

for the year ended 30 June 2020

**SECTION A. HOW THE NUMBERS ARE CALCULATED**

*This section provides additional information about those individual line items in the financial statements that the directors consider most relevant in the context of the operations of the entity, including:*

- (a) accounting policies that are relevant for an understanding of the items recognised in the financial statements. These cover situations where the accounting standards either allow a choice or do not deal with a particular type of transaction.*
- (b) analysis and sub-totals.*
- (c) information about estimates and judgements made in relation to particular items.*

Note	1	Revenue and other income	Note	2020 \$	2019 \$
1.1		<b>Revenue</b>			
		Revenue from sale of goods		42,654,256	41,436,898
				42,654,256	41,436,898
1.2		<b>Other Income</b>			
		Interest income		65,311	51,851
		Other income	1.2.1	919,148	765,053
				984,459	816,904

1.2.1 Represents rebate, change internal software development and premium movement of Allianz Insurance.

**1.3 Accounting policy****1.3.1 Revenue from contracts with customers**

Revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Group expects to receive in exchange for those goods or services.

Revenue is recognised by applying a five-step process outlined in AASB 15 which is as follows:

Step 1: Identify the contract with a customer;

Step 2: Identify the performance obligations in the contract and determine at what point they are satisfied;

Step 3: Determine the transaction price;

Step 4: Allocate the transaction price to the performance obligations; and

Step 5: Recognise the revenue as the performance obligations are satisfied.

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the control of the goods or services underlying the particular performance obligation is transferred to the customer. A performance obligation is a promise to transfer a distinct goods or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's customary business practices.

Revenue is measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as sales taxes or services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group estimates the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract. Revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

**Notes to the consolidated financial statements**

for the year ended 30 June 2020

**Note 1 Revenue and other income (cont.)**

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

- i. the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- ii. the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- iii. the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

**1.3.2 Sale of Goods**

The Group recognises revenue when it satisfies a performance obligation by transferring a promised good or service to a customer. An asset is transferred when the customer obtains control of that asset. Revenue is recognised when the goods are shipped to the customer.

**1.3.3 Interest income**

Interest revenue is recognised in accordance with Note 3.2 Finance income and expenses.

**Note 2 (Loss) / profit before income tax**

2020

2019

\$

\$

The following significant revenue and expense items are relevant in explaining the financial performance:

**1.4 Other expenses**

■ Accounting and audit fees	94,701	71,765
■ Professional fees	31,643	169,035
■ Director fees	199,500	228,000
	325,844	468,800

**Note 3 Other Significant Accounting Policies related to items of profit and loss****3.1 Employee benefit****3.1.1 Short-term benefits**

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to the reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay at the reporting date including related on-costs, such as workers compensation insurance and payroll tax.

Non-accumulating non-monetary benefits, such as medical care, housing, cars and free or subsidised goods and services, are expensed based on the net marginal cost to the Group as the benefits are taken by the employees.

**3.1.2 Other long-term benefits**

The Group's obligation in respect of long-term employee benefits other than defined benefit plans, such as long service leave, is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the Reserve Bank of Australia's cash rate at the report date that have maturity dates approximating the terms of the Group's obligations. Any actuarial gains or losses are recognised in profit or loss in the period in which they arise.

**Notes to the consolidated financial statements**

for the year ended 30 June 2020

**Note 3 Other Significant Accounting Policies related to items of profit and loss (cont.)****3.1.3 Retirement benefit obligations: Defined contribution superannuation funds**

Short-term employee benefits are recognised when they accrue to the employees.

A defined benefit pension plan is a pension plan that defines an amount of pension that will be received by the employee on becoming entitled to a pension, which usually depends on factors such as age, years of service and compensation.

The Group provides post retirement benefits to its employees in accordance with definite Labor Law Indonesia No. 13/2003. No funding has been made for these defined benefit plans.

Group net liabilities on defined benefit plans is calculated from the present value of post employment benefit obligations are defined at the end of the reporting period less the fair value of plan assets, if any. Calculation of post-employment benefit liabilities were calculated using the projected unit credit actuarial calculations performed in the end of each reporting period.

Remeasurement liabilities post-employment benefits, including a) gains and losses, b) return on plan assets do not include interest, and c) limit the impact of any changes in the assets, not including interest, is recognized in other comprehensive income as incurred. Remeasurement is not reclassified to profit or loss in subsequent periods.

When the reward program is changed or there is a curtailment of the program, part of the change in exchange related past service cost or gains or at the beginning of the annual reporting period to measure post employment benefit liabilities during the period.

The Group recognizes gains and loss upon completion liabilities postemployment benefits at the time of completion of the case, the gain or loss on settlement represents the difference between the present value of liabilities post-employment benefits are defined on the settlement date the settlement price, including any plan assets that was diverted and any payments made by directly by the Group in connection with the settlement.

**3.1.4 Termination benefits**

When applicable, the Group recognises a liability and expense for termination benefits at the earlier of: (a) the date when the Group can no longer withdraw the offer for termination benefits; and (b) when the Group recognises costs for restructuring pursuant to AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the costs include termination benefits. In either case, unless the number of employees affected is known, the obligation for termination benefits is measured on the basis of the number of employees expected to be affected. Termination benefits that are expected to be settled wholly before 12 months after the annual reporting period in which the benefits are recognised are measured at the (undiscounted) amounts expected to be paid. All other termination benefits are accounted for on the same basis as other long-term employee benefits.

**3.1.5 Equity-settled compensation**

The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using the Black-Scholes pricing model, considering the terms and conditions upon which the options were granted. The amount recognised is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to market conditions not being met.

**3.2 Finance income and expenses**

Finance income comprises interest income on funds invested. Interest revenue is recognised on a time proportionate basis that considers the effective yield on the financial asset.

Financial expenses comprise interest expense on borrowings calculated using the effective interest method, unwinding of discounts on provisions and impairment losses recognised on financial assets. All borrowing costs are recognised in profit or loss using the effective interest method.

**Notes to the consolidated financial statements**

for the year ended 30 June 2020

Note	4	Income tax	2020 \$	Restated 2019 \$
<b>4.1</b>		<b>Income tax expense</b>		
		Current tax	216,261	489,670
		Deferred tax	-	-
			216,261	489,670
		Deferred income tax expense included in income tax expense comprises:		
		■ Increase / (decrease) in deferred tax assets	-	-
	4.6	■ (Increase) / decrease in deferred tax liabilities	-	-
			-	-
<b>4.2</b>		<b>Reconciliation of income tax expense to prima facie tax payable</b>		
		The prima facie tax payable/(benefit) on (loss) / profit from ordinary activities before income tax is reconciled to the income tax expense as follows:		
		Accounting (loss) / profit before tax	(299,407)	1,280,248
		Prima facie tax on operating (loss)/profit at 27.5% (2019: 27.5%)	(82,337)	352,068
		Add / (Less) tax effect of:		
		□ Amounts which are not assessable in calculating taxable income	(33,134)	(31,252)
		□ Temporary differences	51,443	(3,130)
		□ Deferred tax assets not recognised	108,499	115,043
		□ Difference in foreign income tax rate	(53,003)	(36,601)
		□ Depreciation adjustment	224,793	93,542
		Income tax expense attributable to operating loss	216,261	489,670
			%	%
<b>4.3</b>		The applicable weighted average effective tax rates attributable to operating profit are as follows:	(72.23)	38.25
4.3.1		The tax rates used in the above reconciliations is the corporate tax rate of 27.5% payable by the Australian corporate entity on taxable profits under Australian tax law. There has been no change in this tax rate since the previous reporting year.		
4.3.2		The foreign tax payable relates to the Indonesian corporate entity, where the current corporate tax rate is 25%. (2019: 25%)		
<b>4.4</b>		Balance of franking account at year end of the parent	nil	nil
<b>4.5</b>		<b>Current tax liabilities</b>		
		Foreign Income tax payable	216,261	489,670

**Notes to the consolidated financial statements**

for the year ended 30 June 2020

Note	4	Income tax (cont.)	2020 \$	Restated 2019 \$
<b>4.6</b>		<b>Deferred tax assets</b>		
		Tax losses	59,627	42,254
			59,627	42,254
		Set-off deferred tax liabilities	-	-
		Net deferred tax assets	59,627	42,254
		Less deferred tax assets not recognised	-	-
		Net deferred tax assets	59,627	42,254
		<b>Deferred tax liabilities</b>	-	-
		Set-off deferred tax assets	-	-
		Net deferred tax liabilities	-	-
<b>4.7</b>		<b>Tax losses and deductible temporary differences</b>		
		Unused tax losses and deductible temporary differences for which no deferred tax asset has been recognised, that may be utilised to offset tax liabilities:		
		■ Revenue tax losses carried forward	671,124	552,793
		■ Provision for expenses	39,875	17,177
		■ Capital raising costs	53,398	45,534
		■ Leased assets	(121,887)	-
			642,510	615,504

Potential deferred tax assets attributable to tax losses have not been brought to account at 30 June 2020 because the directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable at this point in time. These benefits will only be obtained if:

- the Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss to be realised;
- the Group continues to comply with conditions for deductibility imposed by law; and
- no changes in tax legislation adversely affect the Group in realising the benefit from the deductions for the loss.

Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of directors. These estimates consider both the financial performance and position of the Group as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by tax authorities in relevant jurisdictions.

The parent company has accumulated tax losses of \$2,440,451 (2019: \$2,010,156) which are expected to be available indefinitely for offset against future taxable profits of the parent company in which the losses arose. The recoupment of these losses is subject to assessment of the Australian Taxation Office. No deferred tax asset has been recorded in relation to these tax losses as it is not probable that taxable profit will be available in the foreseeable future and they may not be used to offset taxable.

**Notes to the consolidated financial statements**

for the year ended 30 June 2020

**Note 4 Income tax (cont.)****4.8 Accounting policy**

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

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

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss. Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Where the Group receives the Australian Government's Research and Development Tax Incentive, the Group accounts for the refundable tax offset under AASB 112. Funds are received as a rebate through the parent company's income tax return.

**Notes to the consolidated financial statements**

for the year ended 30 June 2020

**Note 5 Financial assets and financial liabilities****5.1 Cash and cash equivalents**

	2020 \$	2019 \$
Cash at bank	1,556,154	3,139,992
Cash on hand	1,092,552	1,959,724
Cash on deposit	-	-
	2,648,706	5,099,716

Subsequent to the financial year end an amount of \$1 million was transferred from cash on hand to a group subsidiary for its capitalisation and operating working capital.

- 5.1.1 The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 8 Financial risk management.

**5.1.2 Cash Flow Information**

	2020 \$	Restated 2019 \$
<b>a. Reconciliation of cash flow from operations to loss after income tax</b>		
Loss after income tax attributable to owners of the parent company	(503,754)	735,108
Cash flows excluded from loss attributable to operating activities		
<i>Non-cash flows in (loss)/profit from ordinary activities:</i>		
■ Depreciation and amortisation	2,362,981	930,020
■ Interest expense AASB16	39,660	-
■ Unrealised foreign exchange (gains) / losses	18,809	(20,448)
<i>Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:</i>		
■ Decrease in trade and other receivables	1,716,985	3,054,924
■ (Decrease) / increase in trade and other payables	(2,840,545)	9,963,084
■ (Increase) / decrease in current tax receivable	-	208,766
■ (Increase) / decrease in other assets	(162,341)	342,276
■ Decrease / (increase) in inventory	201,743	(6,719,883)
■ (Increase) / decrease in deferred tax asset	(17,373)	101
■ Increase / (decrease) in provisions	69,490	(405)
Cash flow (used in) / generated from operating activities	885,655	8,493,543

**Notes to the consolidated financial statements**  
for the year ended 30 June 2020**Note 5 Financial assets and financial liabilities (cont.)****5.1 Cash and cash equivalents (cont.)****5.1.2 Cash Flow Information (cont.)****b. Reconciliation of liabilities arising from financing activities**

	2018 \$	Cash flows \$	Acquisitions \$	Non-cash changes			2019 \$
				Foreign Exchange \$	Other Changes \$	Changes due to AASB 16 \$	
Short-term borrowings	1,706,077	1,397,187	-	-	88,740	-	3,192,004
Total liabilities from financing activities	1,706,077	1,397,187	-	-	88,740	-	3,192,004

	2019 \$	Cash flows \$	Acquisitions \$	Non-cash changes			2020 \$
				Foreign Exchange \$	Other Changes <sup>(i)</sup> \$	Changes due to AASB 16 \$	
Short-term borrowings	3,192,004	(237,523)	-	-	-	-	2,954,481
Leases	-	(859,410)	-	-	39,660	2,211,618	1,391,868
Total liabilities from financing activities	3,192,004	(1,096,933)	-	-	39,660	2,211,618	4,346,349

(i) Other changes include non-cash movements including interest expense on AASB 16 adoption which will be presented as operating cash flows in the statement of cash flows when paid

**c. Credit and loan standby arrangement with banks**

The Group has no credit standby facilities.

**d. Non-cash investing and financing activities**

During the year, and as detailed in in Note 7.1 :

- 62,083,309 shares issued to settle former shareholders loan.
- 6,981,816 shares issued as directors' fees.
- 3,484,618 shares issued to 3rd party consultants for consulting services.

There were no other non-cash financing or investing activities during the year ended 30 June 2020 (2019: Nil).

**5.1.3 Accounting policy**

For Consolidated Statement of Cash Flow presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid instruments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Consolidated Statement of Financial Position.

**Notes to the consolidated financial statements**

for the year ended 30 June 2020

**Note 5 Financial assets and financial liabilities (cont.)**

5.2 Trade and other receivables		2020	2019
		\$	\$
5.2.1 <b>Current</b>			
Trade receivables		532,471	1,814,412
GST receivable		21,548	5,763
Other receivable – related parties	16	778,922	664,036
Employee receivable		25,632	146,639
Apple SEA	5.2.4	2,390,899	2,223,194
Other receivables	5.2.5	2,349,712	2,962,125
		6,099,184	7,816,169

5.2.2 The Group's exposure to credit rate risk is disclosed in Note 8 Financial risk management.

5.2.3 The average credit period on sales of goods and rendering of services ranges from 30 to 90 days. Interest is not charged. No allowance has been made for estimated irrecoverable trade receivable amounts arising from past sale of goods and rendering of services, determined by reference to past default experience. Amounts are considered as 'past due' when the debt has not been settled, within the terms and conditions agreed between the Group and the customer or counter party to the transaction.

5.2.4 Apple SEA represents reimbursement for fitouts, renovation and marketing funds. These amounts are non-interest bearing and are usually paid between 6-8 months.

5.2.5 The other receivables are reimbursement for rebates, discounts, reimbursement for warehousing, marketing and promotions costs from principals and suppliers. These amounts are non-interest bearing and repayable upon demand.

**5.2.6 Accounting policies****a. Loans and receivables**

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss. The Group's trade and other receivables fall into this category of financial instruments.

**b. Trade receivables**

Trade receivables are generally due for settlement within periods ranging from 30 to 90 days. 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. In some circumstances, the Group renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Group does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Group in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Group. The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term discounting is not applied in determining the allowance. (see also Note 5.6.1).

**Notes to the consolidated financial statements**

for the year ended 30 June 2020

**Note 5 Financial assets and financial liabilities (cont.)****5.2.6 Accounting policies (cont.)****b Trade receivables (cont.)**

The amount of the impairment loss is recognised in the consolidated statement of profit or loss and other comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of profit or loss and other comprehensive income.

**5.3 Other assets****Note****2020****2019****\$****\$****5.3.1 Current**

Prepayments

320,399

1,127,760

Advance payment

5.3.3

1,733,228

1,432,332

Restricted deposits

5.3.4

115,838

57,072

2,169,465

2,617,164

**5.3.2 Non-current**

Rental deposits

600,312

525,705

600,312

525,705

5.3.3 The advance payments include advance payment for purchases, advance rental payments, down payment for fitouts.

5.3.4 Cash in banks and deposits are restricted with respect to the terms of the loan or other agreement is represented as "Restricted deposits".

**Notes to the consolidated financial statements**

for the year ended 30 June 2020

**Note 5 Financial assets and financial liabilities (cont.)**

<b>5.4 Trade and other payables</b>	<b>Note</b>	<b>2020</b>	<b>2019</b>
		<b>\$</b>	<b>\$</b>
<b>5.4.1 Current</b>			
<i>Unsecured</i>			
Trade payables		3,789,307	6,185,370
Taxes payable		26,207	536,295
Related party payables	16	62,657	69,519
Other payables		172,628	100,160
		<b>4,050,799</b>	<b>6,891,344</b>
<b>5.4.2 Non-current</b>			
Amount payable to former shareholders	5.4.4	-	1,458,848

5.4.3 Trade payables are non-interest bearing and usually settled within the lower of terms of trade or 30 days.

5.4.4 The amount of \$1,458,443 is the principal amount of the former shareholders loan. There was accumulated interest of \$248,443 accrued. The total value of the above principal plus interest was settled through the issue of shares for value of \$1,707,291. Refer Note 7.1.1.

5.4.5 The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 8 Financial risk management.

**5.4.6 Accounting policy****a. Trade and other payables**

Trade payables and other payables are recognised initially at fair value and subsequently at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and usually paid within 30 days of recognition.

**Notes to the consolidated financial statements**

for the year ended 30 June 2020

**Note 5 Financial assets and financial liabilities (cont.)**

5.5 Borrowings	Note	2020	2019
		\$	\$
5.5.1 <i>Current</i>			
Bank loan	5.5.2	2,864,081	3,023,922
Convertible notes	5.5.3	75,000	168,082
Short-term loan	5.5.4	15,400	-
Other borrowings	5.5.5	6,935,902	8,607,955
		9,890,383	11,799,959

5.5.2 Based on the Credit Facility Offer Letter No. 30 / BSBCB / III / 2020 dated March 11, 2020 and Credit Agreement No. 11 (Addendum III) dated 13 March 2020, the Company obtained via its Indonesian subsidiary Corporate Banking facilities from PT. Bank BTPN, Tbk. This loan is used for Working Capital, the term of the loan is up to 21 February 2021. The terms of this facility are:

Current Account Loans (PRK) with an interest rate of 10.50% p.a. ; provision 0.25% p.a. with a limit of IDR 5 billion and term Loans with an interest rate of 10.25% p.a. ; provision 0.25% p.a. with a limit of IDR 25 billion

Security : - 1. Restricted GIRO funds of IDR 15 billion  
2. Charge on inventory IDR 15 billion  
3. Personal guarantee of B. Widodo

5.5.3 The convertible notes have the following terms:

- interest rate of 9% pa
- conversion at the higher of 5 day VWAP less 20% or \$0.07 per share
- expiry 16 Feb 2021

During the year, the Group settled the convertible notes in cash including accrued interest for \$93,082. No convertible notes were converted into shares during the year.

5.5.4 The short term loans are ad-hoc funding with no fixed repayment term at 9% p.a.

5.5.5 The Group has the following facilities from non- bank financial institutions:

**PT. Lunaria Annua Kapital**

- i. Based on Agreement No. LAK / RM / 2019/631 on 4 November 2019, PT. Inetindo Infocom received a credit facility from Koinworks within a period of 12 months, with a maximum amount of Rp. 13,000,000,000. The maximum value for disbursement through a Disbursement Instruction Letter is Rp. 13,000,000,000. Interest of 14% per year is effective (1.16% per month).
- ii. Based on Agreement No. LAT / RM / 2019/631 on 4 November 2019, PT. Inetindo Infocom received a credit facility within a period of 12 months, with a maximum amount of Rp. 2,000,000,000. The maximum value for disbursement through a Disbursement Instruction Letter is Rp. 2,000,000,000. Interest of 14% per year is effective (1.16% per month).

**Transasia Private Capital**

- i. Based on Agreement No. ATFF2-FA-1712-006 on 20 June 2020, PT. Inetindo Infocom obtained a credit facility with a maximum value of USD 4,000,000 for the purchase of consumer electronic products from distributors approved for sale to consumers and a maximum value of USD 2,000,000 for importing Apple products. This facility will expire on 1 June 2021.

Interest for this facility is 8.5% pa and the security provided is Fiducia Agreement for inventory and receivable and a corporate guarantee from the parent company.

**Notes to the consolidated financial statements**

for the year ended 30 June 2020

**Note 5 Financial assets and financial liabilities (cont.)****5.5.6 Accounting policy****a. Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs. Borrowings are subsequently measured at amortised cost. Differences between the proceeds (net of transaction costs) and the redemption amount are recognised in profit or loss over the term of the borrowings using the effective interest method. Fees paid on the establishment of facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment and amortised over the facility's term.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

**b. Convertible notes**

The component parts of convertible notes issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion options that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

The fair value of the liability portion of a convertible note is determined using a market interest rate for an equivalent non-convertible note. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the note. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will be transferred to share premium. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained profits. No gain or loss is recognised in the profit or loss upon conversion or expiration of the conversion option.

Transaction costs related to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

**Notes to the consolidated financial statements**

for the year ended 30 June 2020

**Note 5 Financial assets and financial liabilities (cont.)****5.6 Other Significant Accounting Policies related to Financial Assets and Liabilities****5.6.1 Investments and other financial assets****a. Classification**

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The group reclassifies debt investments when and only when its business model for managing those assets changes.

**b. Recognition and derecognition**

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

**c. Measurement**

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

**i. Debt instruments**

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

**ii. Equity instruments**

The Group subsequently measures all equity investments at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the group's right to receive payments is established.

**Notes to the consolidated financial statements**

for the year ended 30 June 2020

**Note 5 Financial assets and financial liabilities (cont.)****5.6 Other Significant Accounting Policies related to Financial Assets and Liabilities**

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

**d. Impairment**

The Group assesses on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

**Note 6 Non-financial assets and financial liabilities****6.1 Inventories**

	2020 \$	2019 \$
Apple products	6,670,543	6,380,348
Accessories	4,164,395	4,524,746
Others	875,353	1,006,940
	11,710,291	11,912,034

**6.1.1 Accounting policy**

Inventories are measured at the lower of cost and net realisable value. Costs are determined by first in first out (FIFO). Costs of purchased inventory are determined after deducting rebates and discounts.

**Notes to the consolidated financial statements**

for the year ended 30 June 2020

**Note 6 Non-financial assets and financial liabilities (cont.)**

<b>6.2 Plant and equipment</b>	<b>Note</b>	<b>2020 \$</b>	<b>Restated 2019 \$</b>	<b>Restated 2018 \$</b>
Equipment		682,680	668,024	583,435
Accumulated amortisation		(474,347)	(345,559)	(213,575)
		<b>208,333</b>	<b>322,465</b>	<b>369,860</b>
Office assets		4,090,575	3,707,889	1,468,717
Accumulated depreciation		(1,678,755)	(1,108,338)	(774,513)
		<b>2,411,820</b>	<b>2,599,551</b>	<b>694,204</b>
Motor vehicles		34,869	26,312	24,574
Accumulated depreciation		(9,191)	(4,933)	(1,536)
		<b>25,678</b>	<b>21,379</b>	<b>23,038</b>
Asset in progress		1,136,983	2,952,489	-
Accumulated depreciation		-	-	-
		<b>1,136,983</b>	<b>2,952,489</b>	<b>-</b>
Other assets		4,469,646	2,233,530	992,285
Accumulated depreciation		(1,900,861)	(929,407)	(468,593)
		<b>2,568,785</b>	<b>1,304,123</b>	<b>523,692</b>
<b>Total plant and equipment</b>		<b>6,351,599</b>	<b>7,200,007</b>	<b>1,610,794</b>

<b>6.2.1 Movements in Carrying Amounts</b>	<b>Equipment \$</b>	<b>Office assets \$</b>	<b>Motor Vehicles \$</b>	<b>Asset In progress \$</b>	<b>Other assets \$</b>	<b>Total \$</b>
<i>Carrying amount at 1 July 2018 (restated)</i>	369,860	694,204	23,038	-	523,692	1,610,794
Additions	84,589	2,194,763	1,738	2,952,489	1,241,245	6,474,824
Depreciation	(131,984)	(333,825)	(3,397)	-	(460,814)	(930,020)
Impact of foreign exchange rates	-	44,409	-	-	-	44,409
<i>Carrying amount at 30 June 2019 (restated)</i>	<b>322,465</b>	<b>2,599,551</b>	<b>21,379</b>	<b>2,952,489</b>	<b>1,304,123</b>	<b>7,200,007</b>
<i>Carrying amount at 1 July 2019</i>	322,465	2,599,551	21,379	2,952,489	1,304,123	7,200,007
Transfers between classes	-	-	-	(1,857,196)	1,857,196	-
Additions	5,129	323,574	8,018	-	228,346	565,067
Depreciation	(121,375)	(512,142)	(4,102)	-	(900,220)	(1,537,839)
Impact of foreign exchange rates	2,114	837	383	41,690	79,340	124,364
<i>Carrying amount at 30 June 2020</i>	<b>208,333</b>	<b>2,411,820</b>	<b>25,678</b>	<b>1,136,983</b>	<b>2,568,785</b>	<b>6,351,599</b>

**Notes to the consolidated financial statements**

for the year ended 30 June 2020

**Note 6 Non-financial assets and financial liabilities (cont.)****6.2 Plant and equipment (cont.)****6.2.2 Accounting policy****a. Recognition and measurement**

Items of plant and equipment are measured on the cost basis and carried at cost less accumulated depreciation (see below) and impairment losses (see accounting policy 6.6.1 Impairment of non-financial assets).

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads. Cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Where considered material, the carrying amount of property, 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 not been discounted to their present values in determining recoverable amounts.

Where parts of an item of property, plant, and equipment have different useful lives, they are accounted for as separate items of plant and equipment.

Asset in progress are store fitouts under construction or renovation and are not depreciated until its completed and transferred to plant and equipment.

**b. Subsequent costs**

The cost of replacing part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. Any costs of the day-to-day servicing of plant and equipment are recognised in the income statement as an expense as incurred.

**c. Depreciation**

Depreciation is charged to the income statement on a straight-line basis over the asset's useful life to the Group commencing from the time the asset is held ready for use. Depreciation rates and methods are reviewed annually for appropriateness. The depreciation rates used for the current and comparative period are:

	2020	2019
■ Equipment	4 years	4 years
■ Office assets	4 years	4 years
■ Motor vehicle	4 years	4 years
■ Other assets	4, 10 years	4, 10 years

The assets' 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.

**d. Derecognition and disposal**

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

**Notes to the consolidated financial statements**

for the year ended 30 June 2020

**Note 6 Non-financial assets and financial liabilities (cont.)**

<b>6.3 Leases</b>	<b>Note</b>	<b>2020 \$</b>	<b>2019 \$</b>
<b>6.3.1 <i>Right of use assets</i></b>			
Properties	23.1	1,776,550	-
		1,776,550	-
<b>6.3.2 <i>Lease liabilities</i></b>			
Current	23.1	824,633	-
Non-current	23.1	567,235	-
		1,391,868	-

6.3.3 Additions to the right-of-use assets during the 2020 financial year were \$976,277.

<b>6.3.4 <i>Amounts recognised in the statement of profit or loss</i></b>	<b>2020 \$</b>	<b>2019 \$</b>
Depreciation charge of right-of-use assets	825,140	-
Interest expense (included in finance cost)	39,660	-
	864,800	-

6.3.5 The total cash outflow for leases in 2020 was \$859,410.

**6.3.6 *Accounting policy*****a. *Recognition and measurement***

Until the 2019 financial year, leases of property, plant and equipment were classified as either finance leases or operating leases, see note 23.1 for details. From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

**i. *Right of Use Asset***

The Group recognises a right of use asset at the commencement date of the lease. The right of use asset is initially measured at cost. The cost of right of use assets includes the amount of lease liabilities recognised, adjusted for any lease payments made at or before the commencement date, plus initial direct costs incurred and an estimate of costs to dismantle, remove or restore the leased asset, less any lease incentives received.

**Notes to the consolidated financial statements**

for the year ended 30 June 2020

**Note 6 Non-financial assets and financial liabilities (cont.)****6.3 Leases (cont.)**

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

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Subsequent to initial measurement, the right of use asset is depreciated on a straight-line basis over the shorter of the lease term and the estimated useful life as follows:

- Properties 3 – 5 years

Right of use assets are subject to impairment and are adjusted for any remeasurement of lease liabilities.

ii. *Lease liabilities*

At the commencement date of the lease, the Group recognises lease liabilities at the present value of lease payment to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the assessment of lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payments occurs. The present value of lease payments is discounted using the interest rate implicit in the lease or, if the rate cannot be readily determined, the Group's incremental borrowing rate.

The lease liability is measured at amortised cost using the effective interest method. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

The amount of lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recognised in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

The Group has elected not to recognise right of use assets and lease liabilities for short term leases that have a lease term of 12 months or less and do not contain a purchase option, and leases of low value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

b. **Extension and termination options**

An extension options is included in a property of the Group. This is used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The extension option held is exercisable only by the group and not by the respective lessor.

**6.3.7 Critical judgements in determining the lease term**

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

For leases of properties, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

**Notes to the consolidated financial statements**

for the year ended 30 June 2020

**Note 6 Non-financial assets and financial liabilities (cont.)****6.3 Leases (cont.)**

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

**6.4 Intangible assets**

Note

	2020 \$	2019 \$
Intangible – fair value of licenses from acquisition of eStore	1,068,223	1,058,962
<b>6.4.1 Movements in Carrying Amounts</b>		
<i>Carrying amount at 1 July</i>	1,058,962	1,015,639
Impact of foreign exchange rates	9,261	43,323
<i>Carrying amount at 30 June</i>	1,068,223	1,058,962

The recoverable amount of the Group's fair value of licenses from acquisition of eStore has been determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by Directors utilising the following key assumptions:

- Discount rate is based upon a weighted average cost of capital of 10%;
- Cash flows for the 2021 budget have applied 10% decrease, and cash flows beyond 2021 are applied on a 10% growth rate.

As a result of the analysis, management has not recognised an impairment loss. The Directors believe that any reasonably possible further change in the key assumptions on which recoverable amount is based would not cause the carrying amount to exceed its recoverable amount.

**6.4.2 Accounting policy**

Intangible assets are identifiable non-monetary assets without physical substance. They are recognised only if it is probable the asset will generate future benefits for the Group. Those assets with an indefinite useful life are treated for impairment annually. All intangible assets must be tested for impairment when there is an indication that its carrying amount may be greater than its recoverable amount.

**Notes to the consolidated financial statements**

for the year ended 30 June 2020

**Note 6 Non-financial assets and financial liabilities (cont.)**

6.5 Provisions	Note	2020 \$	2019 \$
6.5.1 <i>Non-current</i>			
Post employment benefits	6.5.2	238,507	169,017
		238,507	169,017

**6.5.2 Description of provisions**

The Group records allowance for employee benefits based on actuarial calculations by an independent party applying the "Projected Unit Credit " method based on a 9% discount rate, 10% salary increment and a 56 years retirement age.

**6.5.3 Accounting policy**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Provisions are measured at the present value or management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

**6.6 Other Significant Accounting Policies related to Non-Financial Assets and Liabilities****6.6.1 Impairment of non-financial assets**

The carrying amounts of the Group's non-financial assets, other than deferred tax assets (see accounting policy at note 4.8) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income statement, unless the asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment loss had been recognised.

**Notes to the consolidated financial statements**

for the year ended 30 June 2020

Note 7 Equity						
7.1	Issued capital	Note	2020 No.	2019 No.	2020 \$	2019 \$
	Fully paid ordinary shares at no par value		369,916,789	297,367,046	9,527,324	7,532,206
7.1.1	Ordinary shares					
	At the beginning of the year		297,367,046	273,367,046	7,532,206	6,936,553
	Shares issued during the year:					
	■ Shares placement shares issued @\$0.025 per share		-	24,000,000	-	595,653
	■ Shares issued @\$0.0275 per share in lieu of cash payment to former shareholders	19.2.1a.i	62,083,309	-	1,707,291	-
	■ Shares issued @\$0.0275 per share in lieu of cash payment for directors' fees	19.2.1a.i	6,981,816	-	192,000	-
	■ Shares issued @\$0.0275 per share in lieu of cash payment for consulting fees	19.2.1a.i	3,484,618	-	95,827	-
	Transaction costs relating to share issues		-	-	-	-
	At reporting date		369,916,789	297,367,046	9,527,324	7,532,206
7.1.2	Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. Ordinary shares have no par value and the company does not have a limited amount of authorised capital.					
7.1.3	Accounting policy					
	Ordinary issued capital is recorded at the consideration received. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any related income tax benefit. Ordinary issued capital bears no special terms or conditions affecting income or capital entitlements of the shareholders.					

**Notes to the consolidated financial statements**

for the year ended 30 June 2020

**SECTION B. RISK**

*This section of the notes discusses the Group's exposure to various risks and shows how these could affect the Group's financial position and performance.*

**Note 8 Financial risk management****8.1 Financial Risk Management Policies**

This note presents information about the Group's exposure to each of the above risks, its objectives, policies and procedures for measuring and managing risk, and the management of capital.

The Group's financial instruments consist mainly of deposits with banks, short-term investments, and accounts payable and receivable.

The Group does not speculate in the trading of derivative instruments.

A summary of the Group's financial assets and liabilities is shown below:

	Floating Interest Rate \$	Fixed Interest Rate \$	Non- interest Bearing \$	2020 Total \$	Floating Interest Rate \$	Fixed Interest Rate \$	Non- interest Bearing \$	2019 Total \$
<b>Financial Assets</b>								
□ Cash and cash equivalents	2,648,706	-	-	2,648,706	5,099,716	-	-	5,099,716
□ Trade and other receivables	-	-	6,099,184	6,099,184	-	-	7,816,169	7,816,169
□ Restricted deposits	-	-	115,838	115,838	-	-	57,072	57,072
<b>Total Financial Assets</b>	<b>2,648,706</b>	<b>-</b>	<b>6,215,022</b>	<b>8,863,728</b>	<b>5,099,716</b>	<b>-</b>	<b>7,873,241</b>	<b>12,972,957</b>
<b>Financial Liabilities</b>								
<b>Financial liabilities at amortised cost</b>								
□ Trade and other payables	-	-	4,050,799	4,050,799	-	-	6,891,344	6,891,344
□ Borrowings	-	9,799,983	90,400	9,890,383	-	11,799,959	168,082	11,968,041
□ Leases	-	1,391,868	-	1,391,868	-	-	-	-
<b>Total Financial Liabilities</b>	<b>-</b>	<b>11,191,851</b>	<b>4,141,199</b>	<b>15,333,050</b>	<b>-</b>	<b>11,799,959</b>	<b>7,059,426</b>	<b>18,859,385</b>
<b>Net Financial Assets / (Liabilities)</b>	<b>2,648,706</b>	<b>(11,191,851)</b>	<b>2,073,823</b>	<b>(6,469,322)</b>	<b>5,099,716</b>	<b>(11,799,959)</b>	<b>813,815</b>	<b>(5,886,428)</b>

**8.2 Specific Financial Risk Exposures and Management**

The main risk the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate, foreign currency risk and equity price risk.

The Board of directors has overall responsibility for the establishment and oversight of the risk management framework. The Board adopts practices designed to identify significant areas of business risk and to effectively manage those risks in accordance with the Group's risk profile. This includes assessing, monitoring and managing risks for the Group and setting appropriate risk limits and controls. The Group is not of a size nor is its affairs of such complexity to justify the establishment of a formal system for risk management and associated controls. Instead, the Board approves all expenditure, is intimately acquainted with all operations and discuss all relevant issues at the Board meetings. The operational and other compliance risk management have also been assessed and found to be operating efficiently and effectively.

**Notes to the consolidated financial statements**

for the year ended 30 June 2020

**Note 8 Financial risk management (cont.)****8.2.1 Credit risk**

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses publicly available financial information and its own trading record to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

■ **Credit risk exposures**

The maximum exposure to credit risk is that to its alliance partners and that is limited to the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

Credit risk related to balances with banks and other financial institutions is managed by the Group in accordance with approved Board policy. Such policy requires that surplus funds are only invested with financial institutions residing in Australia, where ever possible.

■ **Impairment losses**

The ageing of the Group's trade and other receivables at reporting date was as follows:

	Gross 2020 \$	Impaired 2020 \$	Net 2020 \$	Past due but not impaired 2020 \$
<b>Trade and other receivables</b>				
Not past due	1,482,062	-	1,482,062	-
Past due 31 days to 60 days	1,441,317	-	1,441,317	1,441,317
Past due 61 days to 90 days	1,906,604	-	1,906,604	1,906,604
Past due over 90 days	1,269,201	-	1,269,201	1,269,201
	6,099,184	-	6,099,184	4,617,122

The Board has assessed that there is no impairment to the carrying value of these receivables.

**8.2.2 Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

**Notes to the consolidated financial statements**

for the year ended 30 June 2020

**Note 8 Financial risk management (cont.)**

Typically, the Group ensures that it has sufficient cash to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The financial liabilities of the Group include trade and other payables as disclosed in the statement of financial position. All trade and other payables are non-interest bearing and due within 30 days of the reporting date.

■ **Contractual Maturities**

The following are the contractual maturities of financial assets and liabilities of the Group:

	Within 1 Year		Greater Than 1 Year		Total	
	2020	2019	2020	2019	2020	2019
	\$	\$	\$	\$	\$	\$
Financial liabilities due for payment						
Trade and other payables	4,050,799	6,891,344	-	-	4,050,799	6,891,344
Borrowings	9,890,383	11,799,959	-	-	9,890,383	11,799,959
Leases	824,633	-	567,235	-	1,391,868	-
<b>Total contractual outflows</b>	<b>14,765,815</b>	<b>18,691,303</b>	<b>567,235</b>	<b>-</b>	<b>15,333,050</b>	<b>18,691,303</b>
Financial assets						
Cash and cash equivalents	2,648,706	5,099,716	-	-	2,648,706	5,099,716
Trade and other receivables	6,099,184	7,816,169	-	-	6,099,184	7,816,169
Restricted deposits	115,838	57,072	-	-	115,838	57,072
Right of use assets	1,776,550	-	-	-	1,776,550	-
<b>Total anticipated inflows</b>	<b>10,640,278</b>	<b>12,972,957</b>	<b>-</b>	<b>-</b>	<b>10,640,278</b>	<b>12,972,957</b>
<b>Net (outflow) / inflow on financial instruments</b>	<b>(4,125,537)</b>	<b>(5,718,346)</b>	<b>(567,235)</b>	<b>-</b>	<b>(4,692,772)</b>	<b>(5,718,346)</b>

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

### 8.2.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group's activities minimally expose it to the financial risks of changes in foreign currency exchange rates, commodity prices and exchange rates. The Group does not enter into derivative financial instruments including foreign exchange forward contracts to hedge against financial risk. There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk from the previous period.

#### a. Interest rate risk

The company and the Group are exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings.

The Company and the Group's exposures to interest rate in financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

**Notes to the consolidated financial statements**

for the year ended 30 June 2020

**Note 8 Financial risk management (cont.)****b. Foreign exchange risk**

The Group is exposed to foreign exchange risk as certain transactions are denominated in United States Dollars, Singapore Dollars, Indonesian Rupiah and Vietnamese Dong as a result of operating in Singapore, Indonesia and Vietnam.

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

With instruments being held by overseas operations, fluctuations in the US dollar, Indonesian Rupiah, Singapore Dollar and Vietnamese Dong may impact on the Group's financial results unless those exposures are appropriately hedged.

**c. Price risk**

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group does not presently hold material amounts subject to price risk. As such the Board considers price risk as a low risk to the Group.

**8.2.4 Sensitivity Analyses**

The following table illustrates sensitivities to the Group's exposures to changes in interest rates. The table indicates the impact on how profit and equity values reported at balance sheet date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Profit \$	Equity \$
<b>a. Interest rates</b>		
<b>Year ended 30 June 2020</b>		
±50 basis points change in interest rates	± 13,244	± 13,244
<b>Year ended 30 June 2019</b>		
±50 basis points change in interest rates	± 25,499	± 25,499
<b>b. Foreign exchange</b>	Profit \$	Equity \$
<b>Year ended 30 June 2020</b>		
±10% of Australian dollar strengthening/weakening against the Indonesia Rupiah	± 351,766	± 1,280,453
<b>Year ended 30 June 2019</b>		
±10% of Australian dollar strengthening/weakening against the Indonesia Rupiah	± 338,689	± 1,149,281

**8.2.5 Net Fair Values****a. Fair value estimation**

The fair values of financial assets and financial liabilities are presented in the table in Note 8.1 and can be compared to their carrying values as presented in the statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Financial instruments whose carrying value is equivalent to fair value due to their nature include:

- Cash and cash equivalents;
- Trade and other receivables; and
- Trade and other payables.

The methods and assumptions used in determining the fair values of financial instruments are disclosed in the accounting policy notes specific to the asset or liability.

**Notes to the consolidated financial statements**

for the year ended 30 June 2020

**Note 9 Capital Management**

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2019.

The capital structure of the Group consists of debt, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and accumulated losses.

None of the Group's entities are subject to externally imposed capital requirements.

Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures such as tax, dividends and general administrative outgoings.

Gearing levels are reviewed by the Board on a regular basis in line with its target gearing ratio, the cost of capital and the risks associated with each class of capital.

The working capital position of the Group was as follows:

	Note	2020 \$	2019 \$
Cash and cash equivalents	5.1	2,648,706	5,099,716
Trade and other receivables	5.2.1	6,099,184	7,816,169
Inventories	6.1	11,710,291	11,912,034
Other current assets (excl. prepayments)	5.3.1	1,849,066	1,489,404
Trade and other payables	5.4	(4,050,799)	(6,891,344)
Borrowings	5.5	(9,890,383)	(11,799,959)
Leases	6.3.2	(824,633)	-
Working capital position		7,541,432	7,626,020

**Notes to the consolidated financial statements**

for the year ended 30 June 2020

**SECTION C. GROUP STRUCTURE**

*This section provides information which will help users understand how the group structure affects the financial position and performance of the group as a whole. In particular, there is information about:*

- (a) changes to the structure that occurred during the year as a result of business combinations and the disposal of a discontinued operation*
- (b) transactions with non-controlling interests, and*
- (c) interests in joint operations.*

*A list of significant subsidiaries is provided in note 10. This note also discloses details about the Group's equity accounted investments, if any.*

**Note 10 Interest in subsidiaries****10.1 Information about principal subsidiaries**

The subsidiaries listed below have share capital consisting solely of ordinary shares which are held directly by the Group and the proportion of ownership interest held equals the voting rights held by the Group. Investments in subsidiaries are accounted for at cost. Each subsidiaries country of incorporation is also its principal place of business:

	Country of Incorporation	Class of Shares	Percentage Owned	
			2020	2019
■ Story-i Pte Ltd	Singapore	Ordinary	100%	100%
■ PT Inetindo Infocom	Indonesia	Ordinary	95%	95%

**Note 11 Other Significant Accounting Policies related to Group Structure****11.1 Basis of consolidation**

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the Consolidated Group during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

**11.1.1 Business combinations**

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control exists when the Group is exposed to variable returns from another entity and has the ability to affect those returns through its power over the entity.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
  - the recognised amount of any non-controlling interests in the acquiree; plus
  - if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree;
- less

- the net recognised amount of the identifiable assets acquired and liabilities assumed.

The excess of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill.

If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

The consideration transferred does not include amounts related to settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

**Notes to the consolidated financial statements**

for the year ended 30 June 2020

**Note 11 Other Significant Accounting Policies related to Group Structure (cont.)**

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

**11.1.2 Subsidiaries**

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as non-controlling interests. The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

A list of controlled entities is contained in Note 10 Interest In Subsidiaries of the financial statements.

**11.1.3 Loss of control**

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interests are measured at fair value at the date control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

**11.1.4 Transactions eliminated on consolidation**

All intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

**Notes to the consolidated financial statements**

for the year ended 30 June 2020

**SECTION D. UNRECOGNISED ITEMS**

*This section of the notes includes other information that must be disclosed to comply with the accounting standards and other pronouncements, but that is not immediately related to individual line items in the financial statements.*

**Note 12 Commitments****12.1 Operating lease commitments - Group as lessee**

Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

*Note: From 1 July 2019, the group has recognised right-of-use assets for these leases, except for short-term and low-value leases, see note 6.3 and note 23.1 for further information.*

	Consolidated 2020 \$	2019 \$
Within one year	-	1,565,822
After one year but not more than five years	-	3,648,753
After five years	-	-
Total	-	5,214,575

**12.2 Capital commitments**

None.

**Note 13 Events subsequent to reporting date**

On 4 August 2020, the Company appointed Mr Chek Ming Cheng as a Non-executive director.

A group subsidiary was incorporated for a possible investment in a new line of business. Refer also to note 5.1.

There has not been any other matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

**Note 14 Contingent liabilities**

There are no other contingent liabilities of the Group and the Company as at 30 June 2020 (30 June 2019: Nil).

**Notes to the consolidated financial statements**

for the year ended 30 June 2020

**SECTION E. OTHER INFORMATION**

This section of the notes includes other information that must be disclosed to comply with the accounting standards and other pronouncements, but that is not immediately related to individual line items in the financial statements.

**Note 15 Key Management Personnel compensation (KMP)**

The names and positions of KMP are as follows:

■ Djohan Widodo	Chairman
■ Michael Chan	Executive Director
■ Michael Pixley	Non-Executive Director
■ Han Peng Lee	Non-Executive Director

Information regarding individual directors and executives' compensation and some equity instruments disclosures as required by the Corporations Regulations 2M.3.03 is provided in the Remuneration report table on page 7.

	2020 \$	2019 \$
Short-term employee benefits	199,500	36,000
Post-employment benefits	-	-
Share-based payments	-	192,000
Other long-term benefits	-	-
Termination benefits	-	-
<b>Total</b>	<b>199,500</b>	<b>228,000</b>

**Note 16 Related party transactions**

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Related party	Type of transaction	2020 \$	2019 \$
PT Sigmadala – Associate	Sale of goods	-	664,036
PT Inetdata Indonesia - Associate	Sale of goods	628,551	-
PT Cipta Handal Eternal - Associate	Sale of goods	129,458	-
PT Menara Gernerlap Kulinari - Associate	Sale of goods	19,609	-
PT Tri Berkat Gemilang - Associate	Sale of goods	1,304	-
O W Widodo	Shareholder loan	-	1,088,023
B Widodo	Shareholder loan	-	370,825
K. Tang	Loan	62,657	69,519

**Note 17 Auditor's remuneration**

Remuneration of the auditor for:

	2020 \$	2019 \$
• Auditing or reviewing the financial reports:		
□ Stanton International Audit and Consulting Pty Ltd	27,000	-
□ Bentleys NSW Audit Pty Ltd ( <i>Australia</i> )	53,398	45,750
□ Drs. Ferdinand & Rekan Registered Public Accountant ( <i>Indonesia</i> )	10,052	10,052
	<b>90,450</b>	<b>55,802</b>

**Notes to the consolidated financial statements**

for the year ended 30 June 2020

Note	18	Earnings per share (EPS)	Note	2020 \$	Restated 2019 \$
<b>18.1</b>		<b>Reconciliation of earnings to profit or loss</b>			
		(Loss) / profit for the year		(515,668)	790,578
		Less: (loss) / profit attributable to non-controlling equity interest		(11,914)	55,470
		(Loss) / profit used in the calculation of basic and diluted EPS		(503,754)	735,108
				2020 \$	2019 \$
<b>18.2</b>		<b>Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS</b>		334,933,899	297,038,279
		Weighted average number of dilutive equity instruments outstanding	18.5	N/A	N/A
<b>18.3</b>		<b>Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS</b>		334,933,899	297,038,279
<b>18.4</b>		<b>Earnings per share</b>		2020 ¢	Restated 2019 ¢
		Basic EPS (cents per share)	18.5	(0.15)	0.25
		Diluted EPS (cents per share)	18.5	(0.15)	0.27
<b>18.5</b>		As at 30 June 2020 the Group has no unissued shares under options (2019: Nil).			
<b>18.6</b>		<b>Accounting policy</b>			
		Basic EPS is calculated as net (loss) / profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.			
		Diluted EPS is calculated as net profit attributable to the Group, adjusted for costs of servicing equity (other than dividends) and preference share dividends; the after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and other non-discretionary changes in revenues or expenses during the year that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.			

Note	19	Share-based payments	Note	2020 \$	2019 \$
<b>19.1</b>		<b>Share-based payments:</b>			
		■ Recognised in net assets (accrual)	19.2.1a.i	287,827	-
		■ Recognised in net assets (Amount payable to former shareholders)	19.2.1a.i	1,707,291	-
		Gross share-based payments		1,995,118	-

**19.2 Share-based payment arrangements in effect during the year****19.2.1 Share-based payments****a. Equity-settled Payments**

During the year the following transactions were settled by way of equity, in lieu of cash:

**i. Recognised in net assets:**

- 6,981,816 shares with total fair value of \$192,000, were issued to directors to settle accrued directors' fees in prior year.
- 3,484,618 shares with total fair value of \$95,827, were issued to 3rd party consultant for consulting services in prior year.
- 62,083,309 shares with total fair value of \$1,707,291, were issued to former shareholders for settlement of loan.

**Notes to the consolidated financial statements**

for the year ended 30 June 2020

**Note 19 Share-based payments (cont.)****19.3 Fair value of options granted during the year**

No options were granted during the year (2019: Nil).

**19.3.1 Accounting policy**

The grant-date fair value of equity-settled share-based payment arrangements granted to holders of equity-based instruments (including employees) are generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-market conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes. In determining the fair value of share-based payments granted, a key estimate and judgement is the volatility input assumed within the pricing model.

The Company uses historical volatility of the Company to determine an appropriate level of volatility expected, commensurate with the expected instrument's life

**19.3.2 Key estimate**

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model, using the assumptions detailed above.

**Notes to the consolidated financial statements**

for the year ended 30 June 2020

**Note 20 Operating segments****20.1 Identification of reportable segments**

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group operates in the segments of corporate activity within Australia and Singapore, and operational activity, the and sale of retail goods, in the Republic of Indonesia. In the current financial year, the Group operated in the same segments.

The Company is domiciled in Australia. All revenue from external parties is generated from Indonesia only. Segment revenues are allocated based on the country in which the party is located.

**20.2 Basis of accounting for purposes of reporting by operating segments****20.2.1 Accounting policies adopted**

Unless stated otherwise, all amounts reported to the Board, being the chief decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

**20.2.2 Inter-segment transactions**

All such transactions are eliminated on consolidation of the Group's financial statements.

Inter-segment loans payable and receivable are initially recognised at the consideration received/to be received net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied to the statutory financial statements.

**20.2.3 Segment assets**

Where an asset is used across multiple segments, the asset is allocated to that segment that receives majority economic value from that asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

**20.2.4 Segment liabilities**

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

## Notes to the consolidated financial statements

for the year ended 30 June 2020

## Note 20 Operating segments (cont.)

## 20.3 Segment Financial Performance

## 30 June 2020

## Revenue

■ External revenues

■ Other income

Total segment revenue

## Reconciliation of segment revenue to group revenue:

■ Eliminations

Total group revenue and other income

Segment earnings before interest, tax, depreciation and amortisation (EBITDA)

■ Unallocated corporate costs

## EBITDA

## Reconciliation of segment loss to group loss:

(i) Unallocated items:

■ Depreciation and amortisation

■ Net finance costs

Profit before income tax

Australia \$	Singapore \$	Republic of Indonesia \$	Total \$
-	-	42,654,256	42,654,256
-	-	984,459	984,459
-	-	43,638,715	43,638,715
			-
			43,638,715
(356,592)	-	3,517,662	3,161,070
			-
			3,161,070
-	-	(2,362,981)	(2,362,981)
-	-	(1,097,496)	(1,097,496)
			(299,407)

## 30 June 2019 (Restated)

## Revenue

■ External revenues

■ Other income

Total segment revenue

## Reconciliation of segment revenue to group revenue:

■ Eliminations

Total group revenue and other income

Segment earnings before interest, tax, depreciation and amortisation (EBITDA)

■ Unallocated corporate costs

## EBITDA

## Reconciliation of segment loss to group loss:

(ii) Unallocated items:

■ Depreciation and amortisation (restated)

■ Net finance costs

Profit before income tax (restated)

Australia \$	Singapore \$	Republic of Indonesia \$	Total \$
-	-	41,436,898	41,436,898
-	-	816,904	816,904
-	-	42,253,802	42,253,802
			-
			42,253,802
(316,075)	-	3,386,895	3,070,820
			-
			3,070,820
-	-	(930,020)	(930,020)
-	-	(860,552)	(860,552)
			1,280,248

**Notes to the consolidated financial statements**

for the year ended 30 June 2020

**Note 20 Operating segments (cont.)****20.4 Segment Financial Position**

At as 30 June 2020	Australia \$	Singapore \$	Republic of Indonesia \$	Total \$
Segment Assets	12,611,146	7,908,263	28,050,401	48,569,810
<i>Reconciliation of segment assets to group assets:</i>				
■ Intra-segment eliminations				(16,085,853)
Total assets				32,483,957
Segment Liabilities	(263,029)	(62,657)	(15,245,871)	(15,571,557)
<i>Reconciliation of segment liabilities to group liabilities</i>				
■ Intra-segment eliminations				-
Total liabilities				(15,571,557)
<b>As at 30 June 2019 (restated)</b>				
Segment Assets (restated)	10,977,834	7,915,692	31,480,526	50,374,052
<i>Reconciliation of segment assets to group assets:</i>				
■ Intra-segment eliminations				(14,102,041)
Total assets (restated)				36,272,011
Segment Liabilities	(268,242)	(63,211)	(19,987,715)	(20,319,168)
<i>Reconciliation of segment liabilities to group liabilities</i>				
■ Intra-segment eliminations				-
Total liabilities				(20,319,168)

**20.5 Revenue by geographical region**

Revenue attributable to external customers is disclosed below, based on the location of the external customer:

	2020 \$	Restated 2019 \$
Australia	-	-
Singapore	-	-
Indonesia	42,654,256	41,436,898
Total revenue	42,654,256	41,436,898

**20.6 Assets by geographical region**

The location of segment assets by geographical location of the assets is disclosed below:

	2020 \$	Restated 2019 \$
Australia	21,996	409,344
Singapore	3,051	3,078
Indonesia	32,458,910	35,859,589
Total assets	32,483,957	36,272,011

**Notes to the consolidated financial statements**

for the year ended 30 June 2020

**Note 21 Parent entity disclosures**

Story-i Limited is the ultimate Australian parent entity and ultimate parent of the Group.

Story-i Limited did not enter into any trading transactions with any related party during the year.

**21.1 Financial Position of Story-i Limited**

	2020 \$	2019 \$
Current assets	21,995	6,219
Non-current assets	12,589,151	10,971,615
<b>Total assets</b>	<b>12,611,146</b>	<b>10,977,834</b>
Current liabilities	263,029	268,242
Non-current liabilities	-	-
<b>Total liabilities</b>	<b>263,029</b>	<b>268,242</b>
<b>Net assets</b>	<b>12,348,117</b>	<b>10,709,592</b>
<i>Equity</i>		
Issued capital	30,171,104	28,718,668
Accumulated losses	(17,822,987)	(18,009,076)
<b>Total equity</b>	<b>12,348,117</b>	<b>10,709,592</b>

**21.2 Financial performance of Story-i Limited**

	2020 \$	2019 \$
Loss for the year	(186,089)	(316,075)
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>(186,089)</b>	<b>(316,075)</b>

**21.3 Guarantees**

There are no guarantees entered into by Story-i Limited for the debts of its subsidiaries as at 30 June 2020 (2019: none).

**21.4 Contractual commitments and contingencies**

The parent company has no capital commitments and contingencies at 30 June 2020 (2019: \$nil).

**21.5 Contingent liabilities**

There are no guarantees entered into by Story-i Limited for the debts of its subsidiaries as at 30 June 2020 (2019: none).

**Notes to the consolidated financial statements**

for the year ended 30 June 2020

**Note 22 Statement of significant accounting policies**

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other notes above. These policies have been consistently applied to all the years presented, unless otherwise stated.

**22.1 Basis of preparation****22.1.1 Reporting Entity**

Story-i Limited (**Story-i** or the **Company**) is a listed public company limited by shares, domiciled and incorporated in Australia. These are the consolidated financial statements and notes of Story-i and controlled entities (collectively the Group). The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity. The Group is a for-profit entity and is primarily, through its Indonesian operating subsidiary (PT Inetindo Infocom), an Apple Authorised Reseller and IT life style product retailer. The separate financial statements of Story-i, as the parent entity, have not been presented with this financial report as permitted by the *Corporations Act 2001* (Cth).

**22.1.2 Basis of accounting**

These financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board (AAS Board) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and the *Corporations Act 2001* (Cth).

Australian Accounting Standards (AASBs) set out accounting policies that the AAS Board has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with AASBs ensures that the financial statements and notes also comply with IFRS as issued by the IASB.

The financial statements were authorised for issue on 2 November 2020 by the directors of the Company.

**22.1.3 Comparative figures**

Where required by AASBs comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Group retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

**22.1.4 New and Amended Standards Adopted by the Group**

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 July 2019:

- AASB 16 *Leases*
- AASB 2017-6 *Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation*
- AASB 2017-7 *Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures*
- AASB 2018-1 *Amendments to Australian Accounting Standards – Annual Improvements 2015- 2017 Cycle*
- AASB 2018-2 *Amendments to Australian Accounting Standards – Plan Amendment, Curtailment or Settlement*
- Interpretation 23 *Uncertainty over Income Tax Treatments*.

The Group also elected to adopt the following amendments early:

- AASB 2018-1 AASB 2018-7 *Amendments to Australian Accounting Standards – Definition of Material*

The Group had to change its accounting policies as a result of adopting AASB 16. The Group elected to adopt the new rules retrospectively but recognised the cumulative effect of initially applying the new standard on 1 July 2019. This is disclosed in note 23.1. The other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

**22.2 Goods and Services Tax (GST)**

Goods and Services Tax (**GST**) is the generic term for the broad-based consumption taxes that the Group is exposed to such as: Australia (**Goods and Services Tax** or **GST**), in Singapore (**Goods and Services Tax** or **GST**) and in Indonesia (**Value-added tax** or **VAT**), hereafter collectively referred to as GST.

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

**Notes to the consolidated financial statements**

for the year ended 30 June 2020

**Note 22 Statement of significant accounting policies**

The net amount of GST recoverable from, or payable to, the Australian Taxation Office (or jurisdictional equivalent) is included as a current asset or liability in the statement of financial position.

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

**22.3 Foreign currency transactions and balances****22.3.1 Functional and presentation currency**

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

**22.3.2 Transaction and balances**

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

Exchange differences arising on the translation of monetary items are recognised in the profit or loss except where deferred in equity as a qualifying cash flow or net investment hedge.

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

**22.3.3 Group companies and foreign operations**

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

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

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the profit or loss in the period in which the operation is disposed.

**22.4 Use of estimates and judgments**

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Judgements made by management in the application of AASBs that have significant effect on the consolidated financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 22.4.1.

**22.4.1 Critical Accounting Estimates and Judgments**

Management discusses with the Board the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- a. Key estimate – Taxation

Refer Note 4 Income Tax.

- b. Key judgement – determining the lease term

Refer Note 6.3 Leases.

- a. Key estimate – Impairment of Intangible assets

Refer Note 6.4 Intangible assets.

**Notes to the consolidated financial statements**

for the year ended 30 June 2020

**Note 22 Statement of significant accounting policies****22.4.2 Coronavirus (COVID-19) pandemic**

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

**22.5 Fair Value****22.5.1 Fair Value of Assets and Liabilities**

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable AASB.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly unforced transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also considers a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

**22.5.2 Fair value hierarchy**

AASB 13 Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Group would change the categorisation within the fair value hierarchy only in the following circumstances:

- if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or
- if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (i.e. transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

**Notes to the consolidated financial statements**

for the year ended 30 June 2020

**Note 22 Statement of significant accounting policies****22.5.3 Valuation techniques**

The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

**22.6 New Accounting Standards and Interpretations not yet mandatory or early adopted**

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2020 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

**Note 23 Effects of Changes in Accounting Policy**

This note explains the impact of the adoption of AASB 16 *Leases* on the Group's financial statements and discloses the new accounting policies that have been applied from 1 July 2019 in note 23.2 following. The Group has adopted AASB 16 retrospectively from 1 July 2019, but has not restated comparatives for the 2019 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 July 2019.

**23.1 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 AASB 117 *Leases*. 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 the lease liabilities on 1 July 2019 was 4%.

	2020 \$
<i>Operating lease commitments disclosed as at 30 June 2019</i>	5,214,575
Discounted using the lessee's incremental borrowing rate of at the date of initial application	1,235,341
Lease liability recognised as at 1 July 2019	1,235,341
Of which are:	
■ Current lease liabilities	641,650
■ Non-current lease liabilities	593,691
	1,235,341

**Notes to the consolidated financial statements**

for the year ended 30 June 2020

**Note 23 Effects of Changes in Accounting Policy (cont.)**

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 30 June 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

	30 June 2020 \$	1 July 2019 \$
Properties	1,776,550	1,624,116
Total right-of-use assets	1,776,550	1,624,116

The change in accounting policy affected the following items in the balance sheet on 1 July 2019:

- right-of-use assets – increase by \$1,624,116
- lease liabilities – increase by \$1,235,341
- prepaid rent – decrease by \$602,643

The net impact on retained earnings on 1 July 2019 was a decrease of \$213,868.

**23.1.1 Practical expedients applied**

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

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease

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

**23.2 The Group's leasing activities and how these are accounted for**

The Group leases various offices. Rental contracts are typically made for fixed periods and range from 3 to 5 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

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

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

**Notes to the consolidated financial statements**

for the year ended 30 June 2020

**Note 23 Effects of Changes in Accounting Policy (cont.)**

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

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

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

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

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs

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

**23.2.1 Key estimates – Extension and termination options**

An extension options is included in a property lease of Group. These terms are used to maximise operational flexibility in terms of managing contracts. The extension option held is exercisable only by the Group and not by the respective lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

**Notes to the consolidated financial statements**

for the year ended 30 June 2020

**Note 24 Prior period correction****Correction of material error in calculating depreciation**

The Group discovered a computational error in calculating depreciation of some its equipment. The error resulted in a material understatement of depreciation recognised for the 2019 and prior financial years and a corresponding overstatement of property, plant and equipment.

Details in relation to the impact of this correction on comparative financial information are disclosed following.

**24.1 Adjustments made to statements of financial position (extract)**

As at 30 June 2019	Previously reported 30 June 2019 \$	Effect of accounting correction \$	30 June 2019 (restated) \$	Previously reported 30 June 2018 \$	Effect of accounting correction \$	1 July 2018 (restated) \$
Assets						
<b>Net assets</b>	16,359,287	(406,444)	15,952,843	13,928,291	(66,290)	13,862,001
Equity						
Issued capital	7,532,206	-	7,532,206	6,936,553	-	6,936,553
Reserves	352,401	-	352,401	(333,013)	-	(333,013)
Retained earnings	7,882,580	(386,121)	7,496,459	6,824,326	(62,975)	6,761,351
Non-controlling interest	592,100	(20,323)	571,777	500,425	(3,315)	497,110
<b>Total equity</b>	15,767,187	(406,444)	15,952,843	13,928,291	(66,290)	13,862,001

**24.2 Statement of profit or loss and other comprehensive income (extract)**

For the year ended at 30 June 2019	Previously reported 30 June 2019 \$	Effect of accounting correction \$	30 June 2019 (restated) \$
Depreciation expense	(589,866)	(340,154)	(930,020)
<b>Profit before income tax</b>	1,620,402	(340,154)	1,280,248
Income tax expense	(489,670)	-	(489,670)
<b>Profit from continuing operations</b>	1,130,732	(340,154)	790,578
Other comprehensive income, net of income tax	704,611	-	704,611
<b>Total comprehensive income for the year, net of tax</b>	1,835,343	(340,154)	1,495,189

**Note 25 Company details**

The registered office of the Company is:

**Street :** Level 1, 247 Oxford Street  
LEEDERVILLE WA 6007

**Postal :** PO Box 52  
WEST PERTH WA 6872

**Telephone:** +61 (0)8 6141 3500

**Facsimile:** +61 (0)8 6141 3599

## **Directors' declaration**

The Directors of the Company declare that:

1. The consolidated financial statements and notes, as set out on pages 11 to 59, are in accordance with the *Corporations Act 2001* (Cth) and:
  - (a) comply with Accounting Standards;
  - (b) are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, as stated in Note 22.1 to the financial statements; and
  - (c) give a true and fair view of the financial position as at 30 June 2020 and of the performance for the year ended on that date of the Group.
  - (d) the Directors have been given the declarations required by s.295A of the *Corporations Act 2001* (Cth);
2. in the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



**MICHAEL PIXLEY**

Non-executive Director

Dated this Monday, 2 November 2020

Stantons International Audit and Consulting Pty Ltd  
trading as

**Stantons International**  
Chartered Accountants and Consultants

PO Box 1908  
West Perth WA 6872  
Australia  
Level 2, 1 Walker Avenue  
West Perth WA 6005  
Australia  
Tel: +61 8 9481 3188  
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ABN: 84 144 581 519  
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**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
STORY-I LIMITED**

**Report on the Audit of the Financial Report**

**Opinion**

We have audited the financial report of Story-i Limited (the "Company") and its controlled entities ("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 consolidated 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 Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: Code of Ethics for Professional Accountants (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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Emphasis of Matter in Relation to the Carrying Value of Other Receivables – related parties and others**

We draw attention to Note 5.2.1 to the consolidated financial statements. As at 30 June 2020, the Group had other receivables from related parties which amounted to \$778,922, receivable from Apple South East Asia Pte Ltd (Apple SEA) which amounted to \$2,390,899 and other receivables which amounted to \$2,349,712. Other receivables from related parties are non-interest bearing and repayable upon demand while receivables from Apple SEA and other parties are non-interest bearing and are usually settled within 6-8 months. As disclosed in Note 8.2.1, the Board has assessed that there is no impairment to the carrying value of these other receivables.

The recoverability of the carrying value of the other receivables as at 30 June 2020 is dependent upon the ability of the related parties and other parties to generate positive cash flows from their operations to be able to settle its debt with the Group.

Our opinion is not modified in respect of this matter.

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### Key Audit Matters

In addition to the matter described in the above section, we have determined the matter described below to be Key Audit Matters to be communicated in our report.

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 Matters	How the matter was addressed in the audit
<p><b>Transition as auditors including the audit of the opening balances</b></p> <p>Initial audit engagements involved a number of considerations not associated with recurring audits.</p> <p>We identified the audit transition, including the audit of the opening balance as a key audit matter as this involves additional planning activities and considerations necessary to establish an appropriate audit plan and strategy. This includes:</p> <ul style="list-style-type: none"> <li>Gaining an initial understanding of the Group and its business including its control environment and information systems, sufficient to make an audit assessment and develop the audit strategy and plan;</li> <li>Obtaining sufficient appropriate audit evidence regarding the opening balances including the selection and application of accounting principles; and</li> <li>Communicating with the previous auditors.</li> </ul>	<p>Inter alia, our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>Prior to becoming the Group's auditors, we had to gain the understanding of the Group's business and the related business risks and the way these impact the Group's financial reporting and internal controls framework;</li> <li>Interacting with the previous auditor, including a process of file reviews and formal hand over procedures as prescribed by our professional standards;</li> <li>Evaluating of key accounting issues and audit matters from prior years;</li> <li>Reviewing management's control documentation to assist us in obtaining and understanding the Group's financial reporting and business processes; and</li> <li>Discussing the audit status, progress and key findings from our audit process on a timely basis.</li> </ul>
<p><b>Correction of prior year error</b></p> <p>The consolidated financial statements of the Group for the year ended 30 June 2020 were the first financial statements of the Group audited by us.</p> <p>During the audit, we performed a number of procedures to gain an understanding of the nature of the Group's operations, including the associated processes and risks, and of its internal control system and the adopted accounting policies.</p> <p>Furthermore, procedures performed by us were aimed at determining whether or not the opening balances of the financial statements contain misstatements which materially affect the financial statements for the year ended 30 June 2019.</p> <p>As disclosed in Note 24 to the consolidated financial statements, the Group discovered a computational error in calculating depreciation for some of its plant and equipment which resulted in material understatement of depreciation expense recognised in the financial years ended 2018 and 2019 which amounted to \$66,290 and \$340,154, respectively, and a corresponding overstatement in the carrying amounts of the plant and equipment in the respective years.</p>	<p>Inter alia, our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>Assessing the compliance of the accounting policies applied by the Group with the relevant financial reporting standards, in particular with regard to the recognition and measurement of plant and equipment in accordance with AASB 116 <i>Property, Plant and Equipment</i>;</li> <li>Analysing the documentation and information obtained from management during the course of audit;</li> <li>Discussing the issues leading to the recognition of prior year adjustments in accordance with AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>;</li> <li>Analysing the appropriateness of adjustments to the opening balances recognised by the Group; and</li> <li>Evaluating the correctness and completeness of disclosures in the financial statements with respect to adjustments of the opening balances.</li> </ul>

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On the basis of the significance of the amount of error noted, we have considered correction of prior year error as a key audit matter.

**Revenue recognition**

The Group's sales revenue amounted to \$42,654,256 during the year (2019: 41,436,898). Note 1.3.1 to the consolidated financial statements describes the accounting policies applicable to the revenue from contracts with customers, noting that the revenue from the sales of goods is recognised when or as a performance obligation in the contract with customers is satisfied.

On the basis of the significance of the amount to the consolidated financial statements and the processes used to determine the recognition point, we have considered revenue recognition as a key audit matter.

Inter alia, our audit procedures included the following:

- The revenue was audited by the component auditor in Indonesia and we have reviewed their work papers with great care.
- Evaluating a sample of contracts, identifying performance obligations and agreeing revenue amounts to the records, including supporting billing system and bank records.
- Evaluating cut-off procedures to ensure that the revenue is recognised in the correct period;
- Testing of accounts receivable by requesting confirmations from Group customers and by reconciling cash payments received after year-end against the accounts receivable at year-end; and
- Assessing the consistency of the Group's accounting policies in respect of revenue recognition with the criteria prescribed by the applicable standard, AASB 15 *Revenue from contracts with customers*.

**Adoption of AASB 16: Leases effective from 1 July 2019**

The Group adopted AASB 16 *Leases* effective 1 July 2019 using the modified retrospective approach. AASB 16 introduces a new lease accounting model, where lessees are required to recognise a right-of-use (ROU) asset and a lease liability arising from a lease on its balance sheet.

The cumulative effect of adopting AASB 16 recognised as an adjustment to the opening balance of accumulated losses at 1 July 2019 amounted to \$213,868. As at 30 June 2020, the carrying amount of the Group's ROU asset amounted to \$1,776,550 (refer to Note 6.3.1 to the consolidated financial statements) and the current and non-current lease liabilities amounted to \$824,633 and \$567,235, respectively (refer to Note 6.3.2 to the consolidated financial statements).

We consider the first-time application of the standard as a key audit matter due to the significance of the Group's judgments in determining the assumptions used such as discount rate and the lease terms, including termination and renewal options.

Inter alia, our audit procedures included the following:

- Obtaining an understanding and evaluated the Group's implementation process, including the review of the updated accounting policy and policy elections following AASB 16;
- Evaluating management assumptions, specifically the assumptions used to determine the discount rates, lease terms and measurement principles;
- Testing the factual inputs and calculation of the ROU asset and lease liability calculated by the management for each material lease contract; and
- Assessing the retrospective application and adequacy of the Group's disclosures of the impact of the new standard in the consolidated financial statements.

**Existence of Cash on Hand**

As disclosed in Note 5.1 to the consolidated financial statements, the Group has cash on hand which amounted to \$1,092,552 (2019: \$1,959,724) as at 30 June 2020. As disclosed more fully in the note, after

Inter alia, our audit procedures included the following:

- Performing physical cash count procedures after financial year and roll backward procedures to

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financial year-end, an amount of \$1.0 million was transferred to a group subsidiary for its capitalisation and working capital requirements.

We were appointed as auditors of the Group after 30 June 2020 and thus did not observe the counting of the physical cash at 30 June 2020. A cash count was performed in September 2020 and roll backward procedure was completed to satisfy the existence of the cash on hand balance as at 30 June 2020. The only movement from financial year ended 30 June 2020 to the date of the cash count was the transfer of \$1.0 million to the group subsidiary.

Based on the above and the significance of the amount to the consolidated financial statements, we have considered the existence of cash on hand as a key audit matter.

satisfy the existence of the cash on hand balance as at year-end;

- Discussing with management and obtaining a written representation from the Board addressing the audit assertions of Rights and Obligations, Valuation and Existence of this cash asset and that the cash is free from any encumbrance as at the balance date; and
- Obtaining written representation from the Board, concerning the transfer of a significant amount of the cash on hand balance after the financial year to a group subsidiary.

**Existence and completeness of inventories**

As disclosed in Note 6.1 to the consolidated financial statements, the Group has an inventory of \$11,710,291 (2019: \$11,912,034) which are mainly Apple products and accessories.

A key element of assurance as to the existence and completeness of the Group's inventories is the completion of annual stocktake procedures. The Group has a variety and number of inventory items which are managed across 25 stores in 10 cities throughout Indonesia. The COVID-19 pandemic has affected the ability of the Group to fully execute complete stocktake procedures. Travel and movement restrictions necessitated the selection of alternate locations and resulted in reduced coverage.

Based on the above and the significance of the amount to the consolidated financial statements, we have considered the existence and completeness of inventories as a key audit matter.

Inter alia, our audit procedures included the following:

- The inventory was audited by the component auditor in Indonesia and we have reviewed their work papers with great care.
- Assessing whether the Group's stocktake procedures remained appropriate given the changes to the planned approach;
- Performing stocktake observation visits at random locations, test counts of selected items, agreeing to the final inventory listing and obtaining explanations for any variances noted;
- Performing roll-backwards procedures to ensure the accuracy of the movement from the date of count back to the value of the inventory at year-end; and
- Reviewing the final stock listing for any slow-moving and obsolete stock.

**Carrying value of intangible assets**

As disclosed in Note 6.4 to the consolidated financial statements, the Group has recognised intangible assets of \$1,068,223 (2019: \$1,058,962).

Management has to assess these intangible assets for impairment every year using a discounted cash flow model to determine its value in use. Determination of value in use requires the use of several key assumptions and judgments, including estimated future cash flows, long term growth rates, profitability levels and discounts rates applied.

Based on the amount involved and the level of judgment and estimation required, we have considered the carrying value of intangible assets as a key audit matter.

Inter alia, our audit procedures included the following:

- Gaining an understanding and assessing the reasonableness of the cash flow budget prepared by management and comparing it to assumptions from the prior year;
- Recalculating the value in use calculations;
- Challenging the robustness of the key assumptions used to determine the value in use, cash flow forecasts, long-term growth rates and the discount rates;
- Conducting sensitivity analysis, taking into account the Group's historical forecasting accuracy; and

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- Assessing the consistency of the Group's disclosures of both the qualitative and quantitative considerations concerning the value of the intangible assets.

### ***Other Matter***

The financial report of Story-i Limited for the financial year ended 30 June 2019 was audited by another auditor who expressed an unmodified opinion on that financial report on 30 June 2019. We were appointed as auditors of the Group post the balance date of 30 June 2020.

### ***Other Information***

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

Our opinion on the financial report does not cover the other information and accordingly, we do not express any form of assurance opinion 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 under 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 has 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 under 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 based on this financial report.

As part of an audit under Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the entity's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

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

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

***Report on the Remuneration Report******Opinion on the Remuneration Report***

We have audited the Remuneration Report included in pages 6 to 8 of the directors' report for the year ended 30 June 2020.

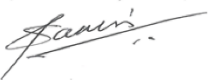
In our opinion, the Remuneration Report of Story-i Limited for the year ended 30 June 2020 complies with section 300A of the Corporations Act 2001.

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*Responsibilities*

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

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

*Stantons International Audit and Consulting Pty Ltd*  


**Samir Tirodkar**  
Director  
West Perth, Western Australia  
2 November 2020

## Corporate Governance Statement

The Board of Directors of Story-i Limited ("Story-i" or "Company") is responsible for the corporate governance of the Company. In developing its corporate governance policies Story-i has referred to recommendations within the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 3rd edition (CGPR) and developed the following policies which are contained within this Corporate Governance Statement:

- Corporate Governance Policy.
- Continuous Disclosure Policy.
- Code of Conduct
- Securities Trading Policy.
- Diversity Policy.

The Company's corporate governance practices during the financial year ended 30 June 2020 (Reporting Period) are reported below. Where the Company's corporate governance practices follow the CPGR the Board has provided appropriate statements reporting on the adoption of the CPGR. In compliance with the "if not, why not" reporting framework, where the Company's corporate governance practices differ from the relevant CPGR, the Board has explained its reasons for doing so and any alternative practice the Company may have adopted.

CORPORATE GOVERNANCE PRINCIPLES & RECOMMENDATIONS	ADOPTED / NOT ADOPTED AND COMMENT
<b>Principle 1: Lay solid foundations for management and oversight</b>	
1.1 Companies should disclose the roles and responsibilities of its board and management, those expressly reserved to the board and those delegated to management.	A The Company has formalised and disclosed the functions reserved to the Board and those delegated to management within its Corporate Governance Policy.
1.2 Companies should undertake appropriate checks prior to the appointment or election of a director and provide shareholders with information relevant to the election of the director.	A The Company undertakes appropriate checks before appointing a person or putting forward to shareholders a candidate for election or re-election as a Director and provides shareholders with all material information in its possession relevant to a decision on whether to elect or re-elect a Director.
1.3 Companies should have written agreements as to the appointment of directors and senior executives.	N/A The Company has not at this time, set out the terms of appointment with each Director and senior executive in written agreements. The Company believes that written agreements should be in place and is working towards this.
1.4 The company secretary should be accountable directly to the board, through the chairman, as to the proper functioning of the board.	A The Company Secretary is accountable directly to the Board as to the proper functioning of the Board, through the chairman.
1.5 Companies should have and disclose a diversity policy setting measurable objectives for achieving gender diversity and annually assess and disclose the objectives and progress towards their achievement.	NA The Company has disclosed its Diversity Policy within this Corporate Governance Statement. The Company's Diversity Policy does not mandate setting measurable objectives for achieving gender diversity as it is impractical to do so at this time. For the purposes of this statement and the Company's gender diversity, "senior executive" means a person who reports directly to the Board or Managing Director and/or who makes or participates in making decisions that could significantly affect the Company's operations.
Legend: A = Adopted. NA = Not Adopted.	

## CORPORATE GOVERNANCE STATEMENT (continued)

CORPORATE GOVERNANCE PRINCIPLES & RECOMMENDATIONS	ADOPTED / NOT ADOPTED AND COMMENT
Principle 1: Lay solid foundations for management and oversight (continued)	
1.6 Companies should have and disclose processes for evaluating board, committee and director performance and disclose any performance evaluation undertaken.	A The Company's processes for evaluating the performance of the Board and its Directors are disclosed in the Company's Corporate Governance Policy. During the Reporting Period these evaluations took place in accordance with the process outlined in the Corporate Governance Policy.
1.7 Companies should have and disclose the process for evaluating senior executive performance and disclose any performance evaluation undertaken.	A The Company's processes for evaluating its senior executives are disclosed in the Company's Corporate Governance Policy. During the Reporting period the Board evaluated the performance of its senior executives in accordance with the process outlined in its Corporate Governance Policy and this involved determining and agreeing key performance outcomes (consistent with the Company's strategic and operational objectives) against which performance was both monitored and measured by the Board.
Principle 2: Structure the Board to add value	
2.1 (a) The Board should establish a nomination committee of at least three non-executive directors (a majority of whom are independent) chaired by an independent director and disclose: <ul style="list-style-type: none"> <li>• The committee charter</li> <li>• The committee members</li> <li>• The frequency and attendees of the committee's meetings; or</li> </ul> (b) If a nomination committee is not established then disclose its processes that ensure board succession, skills, knowledge, experience, independence and diversity.	A The Company has a small Board consisting of four Directors. The Board considers it desirable to use the full complement of knowledge, expertise and experience of all its Directors in making decisions and performing the functions usually associated with a Nomination Committee. The Company's Corporate Governance Policy and Diversity Policy disclose the processes pertaining to board succession, skills, knowledge, experience, independence and diversity.
2.2 Companies should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	A The Company has, in its Corporate Governance Policy and Diversity Policy, disclosed the mix of skills and diversity the Board currently has and considers desirable in its membership given the Company's stage of development.
2.3 Companies should disclose the names of directors considered by the board to be independent directors, any interest, position or association that the board considers does not compromise independence and why, and the length of each directors service.	A Three current Directors (messrs Chan, Pixley and Lee) hold shares in Story-i either directly or beneficially, meaning none of these three Directors are considered independent. Messr Widido does not hold shares and is considered independent. The Company has disclosed the names of its Directors, their position, relevant interests or associations and their length of service in the Company's 2020 Annual Financial Report for the Reporting Period.
Legend: A = Adopted. NA = Not Adopted.	

## CORPORATE GOVERNANCE STATEMENT (continued)

CORPORATE GOVERNANCE PRINCIPLES & RECOMMENDATIONS	ADOPTED / NOT ADOPTED AND COMMENT
Principle 2: Structure the Board to add value (continued)	
2.4 A majority of the board should be independent directors.	NA As discussed above, only one of the Company's Directors are considered independent directors. As either shareholders or commercial advisors, the interests of Story-i's Directors should, in their judgements and decisions, be directly aligned with those of all other shareholders.
2.5 The Chairperson should be an Independent Director and, in particular, should not be the same person as the CEO of the entity.	NA The Company operated without a CEO during the Reporting Period.
2.6 Companies should have an induction program for new directors and provide professional development opportunities for directors to develop and maintain the skills and knowledge to perform their role as directors effectively.	A The Company has a stable board. An induction program will be provided to any new directors if and when a new director is appointed. Professional development opportunities are provided to the Directors as and when needed.
Principle 3: Act ethically and responsibly	
3.1 A company should have a code of conduct for its directors, senior executives and employees and disclose that code or a summary of it.	A The Company has disclosed its Code of Conduct further on in this Corporate Governance Statement.
Principle 4: Safeguard integrity in corporate reporting	
4.1 Companies should: (a) Have an audit committee which: (1) Has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) Is chaired by an independent director, who is not the chair of the board, and disclose: (3) The charter of the committee; (4) The relevant qualifications and experience of the members of the committee; and (5) In relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) If it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	NA The Company has a small Board consisting of four Directors. At this stage, the Company has not established an Audit Committee and the Board considers it desirable to use the full complement of knowledge, expertise and experience of all its Directors in making decisions regarding the Company's audit and the Company's external auditors. All four Directors are financially literate. In April 2019 the Company engaged its current accountant – a person with considerable experience as both an external auditor and group accountant for companies. The Company's external auditor was appointed after considering their experience with listed companies operating in foreign and domestic jurisdictions, the experience and quality of personnel involved with the Company's audit, their internal quality control measures, their approach and methodology in conducting the audit, references, and their awareness of professional requirements attaching to accounting and auditing standards including those pertaining to independence, confidentiality and conflicts of interest.
4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	A Prior to approving the financial report for the full year ended 30 June 2020, Story-i's Board received from the person acting as CEO and CFO declarations that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.
Legend: A = Adopted. NA = Not Adopted.	

## CORPORATE GOVERNANCE STATEMENT (continued)

CORPORATE GOVERNANCE PRINCIPLES & RECOMMENDATIONS	ADOPTED / NOT ADOPTED AND COMMENT
Principle 4: Safeguard integrity in corporate reporting (continued)	
4.3 Companies should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	A In accordance with section 250S of the Corporations Act the external auditor will attend the AGM and the Chair will expressly provide the opportunity for shareholders attending the meeting to ask questions relevant to the audit. Should there be any written questions submitted to the auditor, the Chair will also ensure the opportunity for the external auditor to answer questions as required under section 250PA of the Corporations Act.
Principle 5: Make timely and balanced disclosure	
5.1 Companies should have a written policy for complying with its continuous disclosure obligations under the Listing Rules and disclose that policy or a summary of it.	A The Company has established written policies for complying with continuous disclosure obligations under the ASX Listing Rules which are disclosed within the Company's Continuous Disclosure Policy further on in this Corporate Governance Statement.
Principle 6: Respect the rights of security holders	
6.1 Companies should provide information about itself and its governance via its website.	N/A The Company provides information about itself on its website at <a href="http://www.story-i.com">www.story-i.com</a> , and about its governance to investors via the ASX website.
6.2 Companies should design and implement an investor relations program to facilitate effective two-way communication with investors.	A The Company has designed and implemented an investor relations program to facilitate effective two-way communication with investors. The program is set out in the Company's Corporate Governance Policy (in the section entitled "Shareholders") and the Company's Continuous Disclosure Policy.
6.3 Companies should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	A Refer above – the Company's Corporate Governance Policy ((in the section entitled "Shareholders") and the Company's Continuous Disclosure Policy.
6.4 Companies should provide security holders with the option to receive communications from, and send communications to the entity and its share registry electronically.	A Shareholders are given the option to receive communications from, and send communications to the Company and its share registry electronically.
Principle 7: Recognise and manage risk	
7.1 The Company's Board should: (a) Have a committee or committees to oversee risk, each of which: (1) Has at least three members, a majority of whom are independent directors; and (2) Is chaired by an independent director, and disclose: (3) The charter of the committee; (4) The members of the committee; and (5) As at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) If it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	A Given the size and composition of the current Board it believes that no efficiencies are to be gained by establishing a separate Risk Committee. During the Reporting Period, responsibility for overseeing the Company's risk management rested with the Board. The Company's assessment of Business Risk is disclosed within its Corporate Governance Policy. During the Reporting Period the full Board reviewed and where necessary amended its risk management matrix and in so doing identified or confirmed business risks, assessed the likelihood and materiality of these risks, developed and implemented measures to mitigate these risks.
Legend: A = Adopted. NA = Not Adopted.	

**CORPORATE GOVERNANCE STATEMENT (continued)**

CORPORATE GOVERNANCE PRINCIPLES & RECOMMENDATIONS	ADOPTED / NOT ADOPTED AND COMMENT
Principle 7: Recognise and manage risk (continued)	
7.2 The Company's Board or a committee of the Board should review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and disclose, in relation to each reporting period, whether such a review has taken place.	A Refer above.
7.3 Companies should disclose if they have an internal audit function, how the function is structured and what role it performs or, if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	A The Company does not have an internal audit function. Refer above (7.1) for further discussion.
7.4 Companies should disclose whether they have any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	A The Company faces economic and social risks that are largely inherent to the global and domestic economies, the industry, capital markets and the jurisdictions in which it operates. The Board has considered these risks in relation to a "material exposure threshold", as required under the CPGR, and put in place measures to reduce these risks to tolerable levels and, as defined in CPGR, there does not appear to be "a real possibility that the risk could substantively impact the Company's ability to create or preserve value for security holders ..." in the foreseeable future.
Principle 8: Remunerate fairly and responsibly	
8.1 Companies should: (a) Have a remuneration committee which: (1) Has at least three members, a majority of whom are independent directors; and (2) Is chaired by an independent director, and disclose: (3) The charter of the committee; (4) The members of the committee; and (5) As at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) If it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives ensuring that such remuneration is appropriate and not excessive.	A Given the size and composition of the current Board it believes that no efficiencies are to be gained by establishing a separate Remuneration Committee. During the Reporting Period the Board followed the Company's Remuneration Policy as disclosed in the Director's Report on p.6 of the Company's Annual Financial Report for the year ended 30 June 2020. In doing so the Board employed policies and processes designed to ensure equitable and responsible levels and composition of remuneration to Directors and senior executives.
8.2 Companies should separately disclose their policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives	A During the Reporting Period the Board followed the Company's Remuneration Policy which is disclosed in the Director's Report on p.6 of the Company's Annual Financial Report for the year ended 30 June 2020.
8.3 Companies which have an equity-based remuneration scheme should have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme and disclose that policy or a summary of it.	A The Company does not presently have an equity based remuneration scheme.
Legend: A = Adopted. NA = Not Adopted.	

**CORPORATE GOVERNANCE STATEMENT (continued)****CORPORATE GOVERNANCE POLICY****ROLE OF THE BOARD**

The primary role of the Board of Story-i Limited is the protection and enhancement of shareholder value. To fulfil this role, the Board is responsible for the overall Corporate Governance of the consolidated entity including its strategic direction, the establishment of goals for management and the monitoring of the achievement of these goals.

Given the size and scope of the operations of the Company, the full Board has assumed those responsibilities that are ordinarily assigned to an Audit Committee, Risk Committee, Nomination Committee and a Remuneration Committee.

**MANAGEMENT OF THE BOARD**

The full Board will hold scheduled meetings on a regular basis and any extraordinary meeting at such time as may be necessary to address specific matter that may arise. In between meetings, decisions will be adopted by way of written resolution.

On a six monthly basis, as an agenda item at the scheduled Board meeting, the Board will conduct a review of its processes to ensure that it is able to, and is carrying out, its functions in the most effective manner.

**DELEGATION TO MANAGEMENT**

Day to day management of the consolidated entity's affairs and the implementation of the corporate strategy and policy initiatives are formally delegated by the Board to the Executive Director and management of Story-i.

**COMPOSITION OF THE BOARD**

The Board of Story-i shall comprise at least three Directors. There are currently four Directors, being Mr Djohan Widodo (Chairman), Michael Chan (Executive Director), Michael Pixley (Non-Executive Director) and Han Peng Lee (Non-Executive Director).

The procedures for election and retirement of Directors are governed by the Constitution of the Company.

The composition of the Board is determined using the following principles:

- the Board shall comprise a mixture of executive and non-executive Directors, and where possible a majority of non-executive Directors.
- Non-executive Directors will have no management role within Story-i, but particular skills may be utilized from time to time in an advisory capacity.
- the Board shall comprise Directors with a range of experience encompassing the current and proposed activities of the Company;
- where a vacancy is considered to exist, the Board will select an appropriate candidate through consultation with external parties and consideration of the needs of shareholders and the Company. Such appointments will be referred to shareholders for re-election at the next annual general meeting; and
- All Directors are subject to re-election by shareholders at least every three years.

The composition of the Board is reviewed on an annual basis to ensure that the Board has the appropriate mix of expertise and experience.

When a vacancy exists, through whatever cause, or where it is considered that the Board would benefit from the services of a new director with particular skills, the Board will determine the selection criteria for the position based on the skills deemed necessary for the Board to best carry out its responsibilities.

The Board will then appoint the most suitable candidate (assuming one is available) who must stand for election at the next annual general meeting.

## CORPORATE GOVERNANCE STATEMENT (continued)

## CORPORATE GOVERNANCE POLICY (continued)

	Current Story-i Board Skills, Qualifications, Expertise and Experience Matrix			
Skill/Area of Expertise and Experience	Djohan Widodo	Michael Chan	Han Peng Lee	Michael Pixley
Technical (Consumer Discretionary Products)		✓	✓	
Capital Markets	✓	✓	✓	✓
Accounting & Finance				✓
Senior Management	✓	✓	✓	✓
Commercial	✓	✓	✓	✓
Advocacy / Negotiation	✓	✓	✓	✓
Governance		✓	✓	✓
Stakeholder Relations / Promotions	✓	✓	✓	✓

## INDEPENDENT DIRECTORS

The Board has accepted the following definition of an independent director:

“An independent director is a director who is not a member of management, is a non-executive director and who:

- (i) Is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the company;
- (ii) Within the last 3 years has not been employed in an executive capacity by the Company or another group member, or been a director after ceasing to hold any such employment;
- (iii) Within the last 3 years has not been a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provider;
- (iv) Is not a material supplier or customer of the Company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- (v) Has no material contractual relationship with the Company or another group member other than as a director of the company;
- (vi) Has not served on the Board for a period that could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company; and
- (vii) Is free from any interest and any business or other relationship that could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the company.

## CHAIRMAN

The Chairman is responsible for leading the Board, ensuring Directors are properly briefed in all matters relevant to their role and responsibilities and facilitating Board discussions.

The Chairman will undertake an annual assessment of the performance of the individual Directors and meet privately with each director to discuss this assessment.

**CORPORATE GOVERNANCE STATEMENT (continued)****CORPORATE GOVERNANCE POLICY (continued)****REMUNERATION OF DIRECTORS**

The Board is responsible for determining and reviewing compensation arrangements for themselves, which may also include share option schemes, superannuation and professional indemnity and liability policies. Any equity based remuneration will only be made with the prior approval of shareholders in general meeting.

When setting fees and other compensation for non-executive Directors, the Board will seek independent advice and apply Australian benchmarks where appropriate.

**BOARD PERFORMANCE AND EVALUATION**

The Board has a process for reviewing its performance and that of its individual Directors, committees (if applicable) and senior management. The Board meets annually to review the outcome of this process.

The annual procedure for Board performance evaluation will be to:

- (i) Review its performance against the terms of the Company's Corporate Governance Policy;
- (ii) Review the performance of any committees against the terms of their charters;
- (iii) Review the contribution of each Director; and
- (iv) Review the changes that may be required to any of the Company's Policies, taking into account the developments in the Company and its businesses over the preceding year, and in corporate governance practices.

**EXECUTIVE PERFORMANCE AND EVALUATION**

*This policy is to ensure that key executives execute the Company's strategy through the efficient and effective implementation of the business objectives inclusive of which is promoting long-term growth in shareholder value. In order to accomplish this:*

- (i) Each year the Board reviews the Company's strategy;*
- (ii) Following such a review the Board sets the organisation performance objectives based on qualitative and quantitative measures;*
- (iii) These objectives are reviewed periodically to ensure they remain consistent with the Company's priorities and the changing nature of the Company's business;*
- (iv) These objectives are the performance targets for the Executive Director;*
- (v) Performance against these objectives is reviewed annually by the Board and is reflected in the Executive Director's remuneration review.*

**AUDIT COMMITTEE**

The Board may establish as required, standing and temporary committees to which it may delegate some of its powers. In order to define the role, responsibility, powers, structure, composition, operation and administration of each committee, the Board and committee should adopt a charter.

The Board has not established separate committees for Audit, Risk, Remuneration or Nomination. The Company is not of a size and nor are the affairs of a complexity to warrant the existence of separate committees. All matters which could be delegated to such committees are dealt with by the full Board.

Each director has the right of access to all relevant Company information and to the Company's executives and subject to prior consultation with the Chairman, may seek independent professional advice and subject to agreement by the Chairman, at the consolidated entity's expense. A copy of advice received by the Director is to be made available to all other members of the Board.

**DEALINGS IN COMPANY SHARES**

A Company policy to prohibit Directors, officers and employees from dealing in Story-i shares whilst in possession of price sensitive information or during certain periods of activity, has been established.

In accordance with the provisions of the Corporations Act 2001 and the Listing Rules of ASX, ASX is advised of any transactions conducted by Directors in shares in Story-i.

**CORPORATE GOVERNANCE STATEMENT (continued)****INDEPENDENT PROFESSIONAL ADVICE AND ACCESS TO COMPANY INFORMATION****CONFLICT OF INTEREST**

In accordance with the Corporations Act 2001 and Story-i's constitution Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. Where the Board believes that a significant conflict exists, the director concerned will not receive the relevant Board papers and will not be present at the meeting whilst the item is considered.

**ETHICAL STANDARDS**

The Board supports the highest standards of corporate governance and requires its members and the staff of Story-i to act with integrity and objectivity in relation to:

- compliance with the law;
- record keeping;
- conflicts of interest;
- confidentiality;
- professional conduct;
- dealing with suppliers, advisers and regulators; and
- dealing with the community and employees.

**INTERNAL CONTROL FRAMEWORK**

The Board acknowledges that it is responsible for overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities.

To assist in discharging this responsibility, the Board will instigate an internal control framework that can be described under two headings:

- Financial Reporting – Monthly actual results are reported and reviewed by management. The consolidated entity will report to shareholders half-yearly.
- Continuous disclosure – the consolidated entity has a policy that all shareholders and investors have equal access to the Company's information and has procedures to ensure that all price sensitive information is disclosed to the ASX in accordance with the continuous disclosure requirements of the Corporations Act 2001 and ASX Listing Rules. A comprehensive process is in place to identify matters that may have a material effect on the price of the Company's security. The Executive Director and the Company Secretary are responsible for all communications with the ASX.

**EXTERNAL AUDITORS**

The auditors of Story-i will have open access to the Board of Directors at all times. The nomination of external auditors is the annual responsibility of the Board. The Board will ensure the establishment of an effective internal control framework to safeguard the Company's assets, maintain proper accounting records and ensure the reliability of financial information compiled by the Company.

**CORPORATE GOVERNANCE STATEMENT (continued)****INDEPENDENT PROFESSIONAL ADVICE AND ACCESS TO COMPANY INFORMATION****CORPORATE REPORTING**

The person acting as the Company's CEO and CFO will make the following certifications to the Board:

- that the Company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the Company and the consolidated entity and are in accordance with relevant accounting standards; and
- that the above statement is founded on a sound system of risk management and internal compliance and control and which implements the policies adopted by the Board and that the Company's risk management and internal compliance and control is operating efficiently and effectively in all material respects.

**ENVIRONMENT**

The Company aims to ensure that the highest standard of environmental care is achieved and that it complies with all relevant environmental legislation.

In all cases of exploration and mine development/operation Story-i will ensure that there is the least amount of interference possible with the environment.

**BUSINESS RISK**

The Board monitors areas of operational and financial risk, and considers strategies for appropriate risk management arrangements.

Where necessary, the Board will draw on the expertise of appropriate external consultants to assist in dealing with or mitigating areas of risk which are identified.

The Board is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. The Company's policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the consolidated entity's business objectives.

Control procedures cover management accounting, financial reporting, project appraisal, environment, IT security, compliance and other risk management issues.

The Company's main areas of risk include:

- Economic risks
- Market conditions
- Operating risks
- Exchange rate risks
- Political and economic climates in areas of operation.
- Ongoing capital requirements

**CONTINUOUS DISCLOSURE**

The Company maintains a Continuous Disclosure Policy (CD Policy) (detailed below) which outlines the Company's commitment to meeting its disclosure obligations to promote investor confidence in its securities.

The Company's CD Policy is a comprehensive disclosure policy to comply with ASX Listing Rules regarding the public disclosure of material and price-sensitive information in a timely manner.

**CORPORATE GOVERNANCE STATEMENT (continued)****INDEPENDENT PROFESSIONAL ADVICE AND ACCESS TO COMPANY INFORMATION****SHAREHOLDERS**

The Board aims to ensure that shareholders are at all times fully informed in accordance with the spirit and letter of the ASX's continuous disclosure requirements.

Information is communicated to shareholders as follows:

- The annual report is distributed to all shareholders. The Board ensures that the annual report includes relevant information about the operations of the consolidated entity during the year, changes in the state of affairs of the consolidated entity and details of future developments, in addition to the other disclosures required by the Corporations Act 2001.
- The half-year report contains summarised financial information and a review of the operations of the consolidated entity during the period. The half-year audited financial report is prepared in accordance with the requirements of applicable Accounting Standards and the Corporations Act 2001 and is lodged with the ASX. The financial report is sent to any shareholder who requests it.
- Proposed major changes in the consolidated entity which may impact on share ownership rights are submitted to a vote of shareholders.
- Notices of all meetings of shareholders.

Publicly released documents are made available on the ASX web site.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the consolidated entity's strategy and goals. Important issues are presented to the shareholders as single resolutions.

The Shareholders are requested to vote on the appointment and aggregate remuneration of Directors, the granting of options and shares to Directors and changes to the Constitution. Copies of the Constitution are available to any shareholder who requests it.

End of Policy

**Additional Information for Listed Public Companies**

The following additional information is required by the Australian Securities Exchange in respect of listed public companies.

**1 Capital as at 28 October 2020.****a. Ordinary share capital**

369,916,789 ordinary fully paid shares held by 643 shareholders.

**b. Unlisted Options over Unissued Shares**

There are no unlisted options over unissued shares.

**c. Performance Rights over Unissued Shares**

There are no performance rights over unissued shares.

**d. Voting Rights**

The voting rights attached to each class of equity security are as follows:

- **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.

**e. Substantial Shareholders as at 28 October 2020**

Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
MR HARRY VUI KHIUN LEE	68,038,467	18.39
CITICORP NOMINEES PTY LIMITED	48,066,539	12.99
HIGH SUCCESS FINANCIAL INC	25,220,218	6.82
MR CHAN HAI EN	24,199,646	6.54
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	23,310,000	6.30
LEE HAN PENG	19,309,090	5.22
MU KWEK FEI	18,750,000	5.07

**f. Distribution of Shareholders as at 28 October 2020**

Category (size of holding)	Total Holders	Number Ordinary	% Held of Issued Ordinary Capital
1 – 1,000	12	2,578	0.00
1,001 – 5,000	122	363,962	0.10
5,001 – 10,000	309	3,065,588	0.83
10,001 – 100,000	91	3,592,333	0.97
100,001 – and over	109	362,892,328	98.10
	<b>643</b>	<b>369,916,789</b>	<b>100.00</b>

**g. Unmarketable Parcels as at 28 October 2020**

At the date of this report there were 498 shareholders who held less than a marketable parcel of shares holding 35,714 shares.

**h. On-Market Buy-Back**

There is no current on-market buy-back.

**i. Restricted Securities**

The Company has no restricted securities

## Additional Information for Listed Public Companies

## j. 20 Largest Shareholders — Ordinary Shares as at as at 28 October 2020

Rank	Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1.	MR HARRY VUI KHIUN LEE	68,038,467	18.39
2.	CITICORP NOMINEES PTY LIMITED	48,066,539	12.99
3.	HIGH SUCCESS FINANCIAL INC	25,220,218	6.82
4.	MR CHAN HAI EN	24,199,646	6.54
5.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	23,310,000	6.30
6.	LEE HAN PENG	19,309,090	5.22
7.	MU KWEK FEI	18,750,000	5.07
8.	MARTHA TAN MEE HOON	18,062,500	4.88
9.	TIME MANAGEMENT UNIVERSAL LTD	16,700,000	4.51
10.	NETVIEW MANAGEMENT OFFSHORE LTD	16,700,000	4.51
11.	ONG BOON TIONG DANIEL	14,062,500	3.80
12.	TRI BERLIANTY WIDODO	7,737,146	2.09
13.	MR SZE WEI SAMUEL GOH	6,000,000	1.62
14.	PAUL VUI YUNG LEE <THE PAUL LEE FAMILY A/C>	5,000,000	1.35
15.	MR MARK JAMES STEMMER	4,944,683	1.34
16.	RAVINDRAN GOVINDAN	4,090,909	1.11
17.	NGO YU PENG	2,590,000	0.70
18.	ENDEAVOUR PACIFIC PTE LTD	2,291,000	0.62
19.	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>,BNP PARIBAS NOMS PTY LTD <DRP>	1,830,019	0.49
20.	MR GERALD FRANCIS PAULEY + MR MICHAEL JAMES PAULEY <PAULEY SUPER FUND A/C>	1,754,812	0.47
<b>TOTAL</b>		<b>328,657,529</b>	<b>88.82</b>

2 The Company Secretary is Stuart Usher.

3 **Principal registered office**

As disclosed in Note 25 Company details on page 59 of this Annual Report.

4 **Registers of securities**

As disclosed in the Corporate directory on page i of this Annual Report.

5 **Stock exchange listing**

Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the Australian Securities Exchange Limited, As disclosed in the Corporate directory on page i of this Annual Report.

6 **Use of funds**

The Company has used its funds in accordance with its initial business objectives.

