

**TINYBEANS GROUP LIMITED
ABN 46 168 481 614
AND CONTROLLED ENTITIES**



tinybeans

ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017

TINYBEANS GROUP LIMITED
ABN 46 168 481 614
AND CONTROLLED ENTITIES

CORPORATE DIRECTORY

DIRECTORS

Mr. Edward Geller
Mr. Kim Heras, appointed 16 February 2017
Mr. Stephen O'Young
Ms. Sarah-Jane Kurtini, resigned 16 February 2017

COMPANY SECRETARY

Mr. Anand Sundaraj, appointed 16 February 2017

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Level 2, 105-111 Reservoir Street
Surry Hills NSW 2010

Telephone: (02) 9121 2524

Email: info@tinybeans.com

Website: www.tinybeans.com

SHARE REGISTRY

Link Market Services
Level 12, 680 George Street
Sydney NSW 2000
Telephone: (02) 8280 6000
Website: www.linkmarketservices.com

AUDITORS

RSM Australia Partners
Level 13, 60 Castlereagh Street
Sydney NSW 2000
Telephone: (02) 8226 4500
Facsimile: (02) 8266 4501
Website: www.rsm.global/australia

CORPORATE ACCOUNTANT

Traverse Accountants
Suite 305, Level 3
35 Lime Street
Sydney NSW 2000
Website: www.traverseaccountants.com.au

STOCK EXCHANGE LISTING

Tinybeans Group Limited's shares are listed on the Australian Securities Exchange (ASX code: **TNY**).

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TINYBEANS GROUP LIMITED
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CHAIRMAN'S MESSAGE

Dear Fellow Shareholder,

I am very pleased to present the 2017 Annual Report for Tinybeans Group Limited (ASX: TNY), the first since our listing and commencement of trading on the Australian Securities Exchange (**ASX**) in April 2017.

It has been an exciting period for our Company following our successful raise of \$6.5 million via our initial public offering, as we have achieved growth across several key metrics.

Tinybeans is a trusted social platform that connects parents and families to the people and things a child needs. When the business was founded five years ago in Sydney, the Company identified an opportunity to be the leading go-to parenting destination online. Since then, we have developed a loving space where parents can connect with family and friends all over the world to privately and securely share the milestones of their children's lives.

We saw listing on the ASX as the best way for us to access the capital we needed to grow and allow more Australian investors to share in our future. Having completed this, we are striving to realise our vision of a global nurture network, connecting more than 100 million parents and family members to the people and products their children need.

We achieved just under \$1.1 million in sales revenue for FY17, representing annual growth of 90%. This healthy growth reflects the momentum continuing to build across the Company's immediate revenue drivers: advertising from brands, premium subscriptions and printed product sales.

This business development came as we grew our registered user base over the course of the year to more than 1.77 million parents and family members. During the month of June 2017 alone, more than 684,000 of these users were active on the Tinybeans platform. These activity levels represent annual growth of 56% in Tinybeans' monthly active user numbers; this momentum bodes well for continued expansion.

As the Company continues to grow, we expect Tinybeans' users to represent an increasingly attractive and engaged audience for personalised content and product recommendations from carefully selected parenting brands.

Our data already shows that over 90% of our users are likely to purchase products recommended by Tinybeans. We are working on leveraging that engagement toward new partnerships and further revenue growth. To that end, we built a talented team of 16 staff over the course of FY17, and plan to build on our investment in product engineering and brand partnerships in the first half of FY18.

We have been working hard on building our profile since our ASX listing, with a stronger media presence as well as activities such as exhibiting at the 2017 New York Baby Show, the United States' largest show for new and expectant mothers. We also were proud to gain inclusion on the 2017 Disrupt 100 list – an annual index celebrating businesses with the most potential to influence, change or create new global markets – which was a great accolade.

We see significant scope to further monetise Tinybeans' large, active, growing base as we continue to prove the value of our platform to all stakeholders and enhance the user experience for parents and family members.

I would like to thank my fellow Directors as well as our management team and staff for their efforts over what has been an incredibly busy but rewarding year at Tinybeans. I also thank our Shareholders, particularly those that joined us through our IPO, for your support and belief in our ability to achieve the goals we have set out for our Company.

The year ahead promises to be an exciting time as we continue to execute on our growth strategy, and I look forward to having you share in Tinybeans' success.



Eddie Geller
Executive Chairman and Chief Executive Officer

TINYBEANS GROUP LIMITED
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DIRECTORS' REPORT

The Directors of Tinybeans Group Limited (**Company**) submit the financial report of the Company for the year ended 30 June 2017, which comprises the results of Tinybeans Group Limited and the entities it controlled during the period.

Review of Operations

The loss for the Group after income tax amounted to \$2,056,624 (30 June 2016: \$870,150).

The Group has generated total revenue of \$1,009,274 up from \$593,139 in the previous year. The Group is funded by an initial public offering (**IPO**) which occurred on 21 April 2017, returning \$6,500,000 in proceeds. The Group has also claimed Research and Development tax offsets and Export Market Development Grants of \$302,624.

Tinybeans is a Sydney and New York-based parenting and family platform, focused on enabling families and friends to connect, record and share moments that celebrate the children in their lives with each other in a private and secure network.

Tinybeans commenced trading on the ASX on 21 April 2017 after successfully raising \$6.5 million at \$1.00 per share as part of its IPO.

Founded in Sydney, Australia in 2012, Tinybeans has built a deeply engaged customer base. At its IPO, it had more than 578,000 monthly active users and over 1.6 million registered users. By 30 June 2017, Tinybeans had grown its registered user base to more than 1.77 million parents and family members. More than 684,000 of these users were active on the Tinybeans platform during June 2017.

Tinybeans' platform is gaining traction with a significant opportunity to partner with global brands in the baby, childcare and family markets linking parents with innovative products and content to assist in raising their children.

The Company generates revenue via:

- Family Premium subscriptions which provide increased functionality: offered by month (currently US\$8 per month), by year (US\$50 per annum) and lifetime (currently a single payment of US\$250).
- Advertising and marketing: offering users trusted solutions from selected advertising partners.
- Data and insights: managing user-generated data to allow for micro-targeted marketing and anonymous data analysis with third parties seeking insights into parents and families.
- Printed products: offering users photo printing services for their moments.

User growth and financial performance

Revenue receipts were just under \$200k for the March quarter, being a 44% increase on the same period in 2016, with Tinybeans focused on expansion of the platform to new users and revenue-generating opportunities. This growth strategy drove user acquisition to rise by more than 52% year-on-year to March 2017, with annual growth in Tinybeans' active user base of more than 24%.

The June quarter saw continued quarter-on-quarter growth, with Monthly Active Users (**MAU**) increasing by 18% for the quarter. Cash receipts grew by more than 87% quarter-on-quarter to \$357k.

Tinybeans began including display advertising on its platform in the Sept 2016 quarter. Display advertising on the platform is driven by programmatic ad units across the mobile apps, select e-mails and the web site app. This revenue is generated by integrating supply side ad platforms. The Company's display advertising revenue lines subsequently grew to \$24k per month, representing a 100% increase from February to the end of the June quarter.

In terms of year-on-year comparisons, Tinybeans finished the year with MAU growth of 56%, and achieved 83% growth in Tinybeans' premium subscriber base in FY17 compared to FY16.

FY17 cash receipts from customers were \$1.37 million.

More than 160,000 users now have access to premium Tinybeans functionality. This represents average revenue per user (**ARPU**) of \$3, a metric which has grown by 93% since June 2016.

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DIRECTORS' REPORT (CONT.)

Partnerships

Tinybeans attracted several international parenting brands to join the Group as marketing partners. After Tinybeans' IPO, global family media brand Highlights for Children, Australian sleep suit developer Love To Dream and Dutch stroller and luggage provider commenced marketing through the Tinybeans platform. These companies joined existing partners including TOMY, Sam's Club and Cosatto.

Outlook for 2018

The Group expects sustained growth in MAU during FY18 and for its core market share to grow substantially.

The Group expects continued growth in its premium subscriber base to be sustained during FY18, a metric which makes a direct impact on recurring revenue growth.

The Group continues to innovate and refine its platform to give its users new functionality, provide parenting advice and solutions, and proactively engage them every day to further grow their database of moments.

Share Split

During the year, Tinybeans performed a share split. The split occurred on 14 February 2017. The share split resulted in an additional 19,378,541 shares being released to existing holders of ordinary shares and convertible notes.

Initial Public Offering

On 21 April 2017, Tinybeans Group Pty Ltd commenced trading on the Australian Stock Exchange (ASX) under the new company name of Tinybeans Group Limited (ASX:TNY). The IPO successfully raised \$6,500,000 by issuing 6,500,000 shares.

Convertible Notes

During the IPO process, Tinybeans issued 4,694,665 fully paid ordinary shares to its convertible note holders as a result of the conversion event, being the IPO.

Principal Activities

The principal activities of the Group during the course of the financial year consisted of providing mobile and web-based platforms that allow parents to securely record and share digital data privately and securely. There were no significant changes in the nature of those activities during the financial year.

Dividends

No dividends were paid or declared by the Group since the end of the previous financial year and the Directors do not recommend dividends be paid for the year ended 30 June 2017.

Significant Changes in the State of Affairs

There were no significant changes to the Group's state of affairs.

Likely Developments and Expected Results of Operations

The Group is currently active in continuing its software platform development and focus on sales growth. Likely developments and expected results will be announced to the market as they emerge.

Matters Subsequent to Year End

No other significant subsequent event has arisen that significantly affects the operations of the Group.

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DIRECTORS' REPORT (CONT.)

Directors

The following persons held office as Directors of Tinybeans Group Limited at any time during or since the end of the financial year:

Mr. Edward Geller
Mr. Kim Heras (appointed 16 February 2017)
Mr. Stephen O'Young
Ms. Sarah-Jane Kurtini, (resigned 16 February 2017)

Company Secretary

Mr. Anand Sundaraj (LLB (Hon), BSc) has held the role of Company Secretary since 16 February 2017.

Information on Directors

Mr. Edward Geller
Executive Chairman

Qualifications: Bachelor of Science
Appointed: 11 March 2014

Experience and expertise: Mr Geller has been an entrepreneur in the technology and internet sectors since 1994. He founded his first company in 1995 and then in 1999 was the founder/CEO of Unique World. He grew Unique World to a prosperous software and management consulting business with just under 100 staff, and then successfully exited to a large US company in 2011.

As a seed investor in PushStart in early 2012, Eddie saw something special in Tinybeans. Tinybeans was one of the startups that was incubated through the Pushstart program and was a certain standout. Over 2012, Eddie mentored the Tinybeans team and fell in love with the opportunity and decided to invest and become active. Through 2013, Eddie drove the commercial aspects of the business which enabled him to take on the CEO role in early 2014.

Mr Geller, who is originally from Sydney, Australia, now resides in New York with his wife and 4 boys, having moved in late 2014.

Other current directorships: Mr Geller has not held directorships of other listed entities.
Former directorships (last 3 years): Mr Geller has not held directorships of other listed entities.
Special responsibilities: Mr Geller has no special responsibilities.

Mr. Kim Heras
Non-executive Director

Qualifications: Bachelor of Laws, Master of Commerce, Bachelor of Arts
Appointed: 16 February 2017

Experience and expertise: Mr Heras is the co-founder of 25fifteen, a Sydney-based startup studio and corporate venturing firm founded by successful tech entrepreneurs and industry veterans.

He is also co-founder and Chairman of TechSydney, the industry group for Startups in Sydney, founder of the Sydney Tech Startup Meetup and a member of ASIC's Digital Finance Advisory Committee.

Previously Mr Heras was the Managing Director of PushStart, a Sydney-based startup accelerator that counts Tinybeans as one of its investees and a Director of Fishburners, a not-for-profit co-working

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DIRECTORS' REPORT (CONT.)

space that is Australia's largest community of highly scalable tech startups.

Mr Heras was also Commercial Manager at Ensyst, an IT Services firm acquired by Optus Business in 2014 and Country Manager at MyHeritage, the world's leading genealogy and family history site.

Other current directorships:
Former directorships (last 3 years):
Special responsibilities:

Mr Heras has not held directorships of other listed entities.
Mr Heras has not held directorships of other listed entities.
Mr Heras has no special responsibilities.

Mr. Stephen O'Young
Executive Director, Head of Product

Qualifications:
Appointed:

Bachelor of Engineering
11 March 2014

Experience and expertise:

Mr O'Young spent 15 years of his professional life creating software and architecting enterprise systems for large companies like Allianz, Suncorp and IAG. Then in 2012 he left the corporate world to found the Company. His experience in building world class, secure applications enabled him to be the chief architect of Tinybeans. With Mr O'Young's experience in designing enterprise platforms in large financial organisations, he has been able to architect the Tinybeans platform with the same levels of robustness, stability and security.

Mr O'Young drives the innovation across the product platform and is striving to build out the platform for families that will ensure that Tinybeans is a household brand everywhere.

Other current directorships:
Former directorships (last 3 years):
Special responsibilities:

Mr O'Young has not held directorships of other listed entities.
Mr O'Young has not held directorships of other listed entities.
Mr O'Young has no special responsibilities.

Ms. Sarah-Jane Kurtini,
Executive Director, Head of Marketing

Qualifications:
Appointed:
Resigned:

Bachelor of Arts
11 March 2014
16 February 2017

Experience and expertise:

Ms Kurtini spent the first 13 years of her career working in the media and agency industries, first as a media planner and then as an account director in London's first full-service content agency, where she worked with brands like Sainsbury's and The Guardian and to tell their stories to consumers.

After moving to Sydney with her young family, Ms Kurtini devised the social media strategy for family-focused brands for GSK and Unilever.

With her brand and digital marketing experience, she co-founded the Company with Mr O'Young and drives the messaging, content and marketing strategies across the company and its products.

Ms Kurtini, now resides in New York with her husband and 2 kids, having moved in July 2017.

Other current directorships:

Ms Kurtini has not held directorships of other listed entities.

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DIRECTORS' REPORT (CONT.)

Former directorships (last 3 years):
Special responsibilities:

Ms Kurtini has not held directorships of other listed entities.
Ms Kurtini has no special responsibilities.

Meetings of Directors

The number of meetings of the Group's Board of Directors and of each board committee held during the financial year ended 30 June 2017 and the number of meetings attended by each Director were:

Director	Directors Meetings	
	Held Whilst in Office	Attended
Edward Geller	4	4
Kim Heras	4	4
Stephen O'Young	4	4
Sarah-Jane Kurtini ¹	-	-

¹ Up to date of resignation.

Directors' Interests

Information on the Directors' and their associates' interests in shares and options of the Company at 30 June 2017 can be found in the Remuneration Report on page 10.

Shares Under Option

At the date of this report, the unissued ordinary shares of the Group under option are as follows:

	Grant date	Expiry date	Number of options granted	Exercise price \$	Total value of options \$
Jen Brown	18/04/2017	18/04/2020	149,158	0.3210	63,929
Kawaii Investments Pty Ltd ATF Kawaii Wipfli Family Trust	18/04/2017	18/04/2020	96,617	0.5029	41,410
Megan Gardner	18/04/2017	18/04/2020	109,065	0.5364	46,745
			354,840		152,084

All options were granted over unissued fully paid ordinary shares in the Company. The options have vested and may be exercised at any time on or before the Expiry Date.

Shares Issued on the Exercise of Options

No shares were issued during the financial year ended 30 June 2017 on the exercise of options.

Environmental Regulations

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

Insurance of Directors and Officers

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the Group.

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DIRECTORS' REPORT (CONT.)

Proceedings on Behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the Group or 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 any part of those proceedings.

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

Corporate Governance Statement

A copy of the Corporate Governance Statement has not been disclosed within the Annual Report but is available on the website <https://investors.tinybeans.com/Investors/?page=Corporate-Governance> in accordance with the ASX Listing Rule 4.10.3.

Declaration by Director

Before it approved the Company's 2017 financial statements, the Board was satisfied that the financial records 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 Group, and their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Non-audit Services

The Directors received the Lead Auditor's Independence Declaration under s.307 of the Corporations Act 2001, which is set out on page 14. The external auditor provided non-audit services to the Company during the year ended 30 June 2017 to the value of \$53,700 for tax due diligence services and the investigating accountants report. The directors have considered these services and none of these are considered to pose any threat to the auditor's independence.

Indemnity and insurance of auditor

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

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

Officers of the company who are former partners of RSM Australia Partners

There are no officers of the company who are former partners of RSM Australia Partners.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 14.

Auditor

RSM Australia Partners continues in office in accordance with section 327 of the Corporations Act 2001.

Signed in accordance with a resolution of the Board of Directors, made pursuant to s.298(2) of the Corporations Act 2001.



Edward Geller

Executive Chairman

Sydney, 27 September 2017

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REMUNERATION REPORT

This report outlines the remuneration arrangements in place for Directors and executives of Tinybeans Group Limited. The information in this report has been audited as required by 308(3C) of the Corporations Act 2001.

Directors and Key Management Personnel

The full Board of Directors sets remuneration policies and practices generally and makes specific recommendations on remuneration packages and other terms of employment for Executive Directors, other Senior Executives and Non-Executive Directors (if any).

Executive remuneration and other terms of employment are reviewed annually having regard to performance against goals set at the start of the year, relevant comparative information and independent expert advice as well as basic salary, remuneration packages include superannuation.

Remuneration packages are set at levels that are intended to attract and retain executives capable of managing the Group's operations.

Remuneration of Non-Executive Directors is determined by the Board within the maximum amount approved by shareholders from time to time. Fees for Non-Executive Directors are not linked to the Group's performance. It is the Board's intention to undertake an annual review of its performance and the performance of the Board Committees against goals set at the start of the year.

In considering the Group's performance and its effect on shareholder wealth, the Board has regard to a broad range of factors, some of which are financial and others of which relate to the progress on the Group's projects, results and progress of platform development activities and other operational factors.

The Board also gives consideration to the Group's result and cash consumption for the year. It does not utilise earnings per share as a performance measure or contemplate payment of any dividends in the short to medium term given that all efforts are currently being expended to develop the Group.

Details of the nature and amount of each element of the emoluments of each Director of Tinybeans Group Limited are set out below.

Directors

Names and positions held of key management personnel in office at any time during the financial year are:

Mr. Edward Geller	Chief Executive Officer
Mr. Kim Heras	Non-executive Director (appointed 16 February 2017)
Mr. Stephen O'Young	Executive Director
Ms. Sarah-Jane Kurtini	Executive Director (resigned 16 February 2017)

Key Management Personnel Compensation

	Salary and directors fees	Bonus	Non-monetary benefits	Total
	\$	\$	\$	\$
2017				
Edward Geller	164,982	66,268	138,106	369,356
Kim Heras	21,364	-	-	21,364
Stephen O'Young	157,389	50,000	-	207,389
Sarah-Jane Kurtini	148,366	50,000	37,117	235,483
Total Compensation	492,101	166,268	175,223	833,592

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REMUNERATION REPORT (CONT.)

	Salary and directors fees	Bonus	Non-monetary benefits	Total
	\$	\$	\$	\$
2016				
Edward Geller	55,259	-	220,304	275,563
Stephen O'Young	140,160	-	-	140,160
Sarah-Jane Kurtini	122,640	-	-	122,640
Total Compensation	318,059	-	220,304	538,363

Shares Held by Key Management Personnel and Their Associates

	Balance 01 July 2016	Share split (1:56.075)	Additions	Balance 30 June 2017
Edward Geller	82,293	4,532,238	591,356	5,205,887
Kim Heras	1,259	69,361	-	70,620
Stephen O'Young	113,040	6,225,631	394,903	6,733,574
Sarah-Jane Kurtini	54,562	3,004,980	2,000	3,061,542
Total	251,154	13,832,210	988,259	15,071,623

Service Agreements

Edward Geller – Executive Chairman and Chief Executive Officer

- Agreement commenced on 1 January 2015 and amended on 7 February 2017;
- Base salary of US\$260,000 per annum;
- One-off bonus of US\$50,000 for successful listing of the Group on the ASX;
- Discretionary bonus at the Board's decision of up to US\$100,000.

Stephen O'Young – Executive Director and Chief Technology Officer

- Agreement commenced on 1 July 2014 and amended on 8 February 2017;
- Base salary of A\$220,000 per annum;
- One-off bonus of A\$50,000 for successful listing of the Group on the ASX;
- Discretionary bonus at the Board's decision of up to A\$75,000.

Kim Heras – Non-Executive Director

- Agreement commenced on 11 February 2017;
- Director's fees of A\$5,000 per month (exclusive of GST).

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REMUNERATION REPORT (CONT.)

Key Employment Agreements

Sarah Jane Kurtini – Executive Director and Head of Marketing (resigned 14 February 2017)

- Agreement commenced on 1 July 2014 and amended on 7 February 2017;
- Base salary of A\$191,625 per annum;
- One-off bonus of A\$50,000 for successful listing of the Group on the ASX;
- Discretionary bonus at the Board's decision of up to A\$50,000.

Loans to Directors and Key Management Personnel

There were no loans made to directors or key management personnel of the Company and the Group during the period commencing at the beginning of the financial year and up to the date of this report.

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Tinybeans Group Ltd for the year ended 30 June 2017, 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.

A handwritten signature in blue ink that reads "RSM".**RSM AUSTRALIA PARTNERS**A handwritten signature in blue ink that reads "G N Sherwood".

G N Sherwood
Partner

Sydney, NSW

Dated: 27 September 2017

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR YEAR ENDED 30 JUNE 2017

	Note	2017	2016
		\$	\$
Sales revenue		1,046,447	550,661
Other revenue	2	52,827	42,478
Total revenue		1,099,274	593,139
Other income	2	681,156	712,104
Total income		1,780,430	1,305,243
Depreciation and amortisation expense	3	(4,766)	(3,155)
Employee benefits expense	4	(2,058,145)	(1,023,495)
Finance costs		(66,667)	(100,000)
Production development		(13,969)	(11,050)
Cost of listing		(298,558)	-
Administration		(580,637)	(359,296)
Marketing		(691,011)	(572,900)
Other expenses		(123,213)	(105,497)
Loss before income tax expense		(2,056,536)	(807,150)
Income tax expense	5	(88)	-
Loss attributable to members of the parent entity		(2,056,624)	(870,150)
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
Exchange differences on translating foreign operations		47,882	-
Total comprehensive loss for the period		(2,008,742)	(870,150)
Basic earnings per share (cents)	7	(11.19)	(5.82)
Diluted earnings per share (cents)	7	(11.19)	(5.82)

These financial statements should be read in conjunction with the accompanying notes.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Note	2017 \$	2016 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	5,205,561	199,569
Trade and other receivables	9	532,891	797,418
TOTAL CURRENT ASSETS		5,738,452	996,987
NON-CURRENT ASSETS			
Property, plant and equipment	11	26,883	9,533
Intangibles	12	68,030	-
TOTAL NON-CURRENT ASSETS		94,913	9,533
TOTAL ASSETS		5,833,365	1,006,520
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	591,219	288,215
Provisions	14	111,534	27,687
Borrowings	15	-	3,066,666
TOTAL CURRENT LIABILITIES		702,753	3,382,568
NON-CURRENT LIABILITIES			
Other liabilities	16	215,431	-
TOTAL NON-CURRENT LIABILITIES		215,431	-
TOTAL LIABILITIES		918,184	3,382,568
NET ASSETS / (LIABILITIES)		4,915,181	(2,376,048)
EQUITY			
Issued capital	17	9,318,011	345,000
Reserves	18	499,066	124,224
Accumulated losses	20	(4,901,896)	(2,845,272)
TOTAL EQUITY / (DEFICIT)		4,915,181	(2,376,048)

These financial statements should be read in conjunction with the accompanying notes.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 30 JUNE 2017

	Note	Shares on Issue	Reserves	Accumulated losses	Total
		\$	\$	\$	\$
Balance at 1 July 2015		345,000	55,313	(1,975,122)	(1,574,809)
Loss for the period		-	-	(870,150)	(870,150)
Total comprehensive loss for the period		-	-	(870,150)	(870,150)
Transactions with owners, as owners					
Options issued		-	68,911	-	68,911
Balance at 30 June 2016		345,000	124,224	(2,845,272)	(2,376,048)
Balance at 1 July 2016		345,000	124,224	(2,845,272)	(2,376,048)
Loss for the period		-	-	(2,056,624)	(2,056,624)
Foreign currency translation		-	47,882	-	47,882
Total comprehensive income for the period		-	172,106	(2,056,624)	(2,008,742)
Transactions with owners, as owners					
Shares issued during the period	17	9,454,800	-	-	9,454,800
Costs of capital raising	17	(481,789)	-	-	(481,789)
Options issued	18	-	326,960	-	326,960
Balance at 30 June 2017		9,318,011	499,066	(4,901,896)	4,915,181

These financial statements should be read in conjunction with the accompanying notes.

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CONSOLIDATED STATEMENT OF CASH FLOWS FOR YEAR ENDED 30 JUNE 2017

	Note	2017 \$	2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		1,366,436	1,011,813
Payments to suppliers and employees		(3,233,160)	(2,085,267)
Government grants and Research and Development Tax Offset incentive		672,218	437,737
Interest received		6,255	4,696
Net cash used in operating activities	21	<u>(1,188,251)</u>	<u>(631,021)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments to acquire property, plant and equipment		(20,105)	(4,346)
Net cash used in investing activities		<u>(20,105)</u>	<u>(4,346)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from shares issued		6,500,000	-
Cost of raising share capital		(481,789)	-
Proceeds from borrowings		200,000	300,000
Net cash provided by financing activities		<u>6,281,211</u>	<u>300,000</u>
Net increase/(decrease) in cash held		5,009,855	(335,367)
Cash and cash equivalents at beginning of financial year		199,569	535,106
Effects of foreign currency exchange		(3,863)	(170)
Cash and cash equivalents at end of financial year	8	<u>5,205,561</u>	<u>199,569</u>

These financial statements should be read in conjunction with the accompanying notes.

TINYBEANS GROUP LIMITED
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial report includes the consolidated financial statements and notes of Tinybeans Group Limited and controlled entities ('Consolidated Group' or 'Group'). The separate financial statements and notes of Tinybeans Group Limited as an individual parent entity ('Company') have not been presented within the financial report as permitted by the *Corporations Act 2001*.

The financial statements were authorised for issue on 27 September 2017 by the directors of the company.

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are reported below. They have been consistently applied unless stated otherwise. All applicable new accounting standards have been adopted for the year ended 30 June 2017 unless otherwise stated and their adoption did not have a significant impact on the financial performance or position of the consolidated entity.

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

Accounting Policies

a. Principles of Consolidation

A controlled entity is any entity Tinybeans Group Limited has the power to control the financial and operating policies of so as to obtain benefits from its activities.

A list of controlled entities is contained in Note 10 to the financial statements. All controlled entities have a 30 June 2017 financial year-end for this current year.

As at the 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 ended.

All inter-company balances and transactions between entities in the Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the Company.

Where controlled entities have entered or left the Group during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

Minority interests, being that portion of the profit or loss and net assets of subsidiaries attributable to equity interests held by persons outside the Group, are shown separately within the Equity section of the Consolidated Statement of Financial Position and in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

b. Revenue Recognition

Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Sale of goods

Sales of goods revenue is recognised at the point of sale, which is where the customer has taken delivery of the goods, the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns and trade discounts.

Advertising revenue

Advertising revenue is recognised when the advertisement has been displayed on the Group's website or the media service has been performed.

Subscription revenue

Subscription revenue is recognised over the life of the subscription period, where recovery of the consideration is probable, and the amount of revenue can be measured reliably. Amounts relating to future subscription periods are reflected in deferred revenue.

Government grants

Revenue from the research and development tax offset scheme and the export market development grant is recognised in the financial period to which these grants relate.

Other revenue

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

c. Plant and Equipment

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

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives to the Group commencing from the time the asset is held ready for use.

The useful lives used for depreciable assets are:

<i>Class of Fixed Asset</i>	<i>Useful lives</i>
Office equipment and furniture	3 – 7 years

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Profit or Loss and Other Comprehensive Income.

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

d. **Intangibles**

Trademarks

Separately acquired trademarks and licences are shown at historical cost. Trademarks, licenses and customer contracts acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

e. **Impairment of Assets**

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Profit or Loss and Other Comprehensive Income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

f. **Financial Instruments**

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expires, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expired.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- loans and receivables
- financial assets at Fair Value Through Profit or Loss (FVTPL)
- Held-To-Maturity (HTM) investments
- Available-For-Sale (AFS) financial assets

All financial assets, except for those at FVTPL, are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Available-For-Sale financial assets

AFS financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Group's AFS financial assets include listed securities and debentures.

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

AFS financial assets are measured at fair value. Gains and losses are recognised in other comprehensive income and reported within the AFS reserve within equity, except for impairment losses and foreign exchange differences on monetary assets, which are recognised in profit or loss. When the asset is disposed of or is determined to be impaired the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income. Interest calculated using the effective interest method and dividends are recognised in profit or loss within 'finance income'.

Reversals of impairment losses for AFS debt securities are recognised in profit or loss if the reversal can be objectively related to an event occurring after the impairment loss was recognised. For AFS equity investments impairment reversals are not recognised in profit loss and any subsequent increase in fair value is recognised in other comprehensive income.

g. **Employee Benefits**

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash flows to be made for those benefits. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of the cash flows.

h. **Equity-Settled Compensation**

There has been no equity based compensation with the exception of that described at Note 18. The capital subscribed to as per this note was acquired at fair value at the time of purchase.

Options issues have their fair value determined with reference to an approved valuation methodology, such as the Black-Scholes valuation method. On issue, the fair value of an option is taken to the Income Statement as equity settled compensation, with a corresponding credit to the options reserve. This is then disclosed as other comprehensive income in the Statement of Comprehensive Income to show other net profit position of the Group from a third party perspective.

Shares have their value determined using the direct method of share price at date of issue multiplied by the number of shares issued.

i. **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

j. **Trade and other receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired.

Other receivables are recognised at amortised cost, less any provision for impairment.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

k. **Trade and Other Payables**

Liabilities for creditors and other amounts are carried at amortised cost, which is the present value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group. The carrying period is dictated by market conditions but is generally less than 30 days.

l. **Revenue and Other Income**

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established

Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

m. **Income tax**

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

n. **Finance Costs**

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

All other finance costs are recognised in the period in which they are incurred.

o. **Goods and Services Tax (GST)**

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

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows. There is provision made in the Statement of Cash Flows to disclose the applicable GST refunds/payments that have been remitted to the ATO to accurately show the cash position of Tinybeans Group Limited.

p. **Issued capital**

Ordinary shares are classified as equity.

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

q. **Earnings Per Share**

Basic earnings per share is calculated by dividing the profit or loss attributable to the owners of the Group excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

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

r. **Comparative Figures**

Comparative figures have been derived from the financial statements for Tinybeans Group Limited for the year ended 30 June 2017, and changes in presentation are made where necessary to comply with accounting standards.

s. **Critical Accounting Estimates and Judgements**

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

Employee Share Plan Options Valuation

The Company issued 318,000 options to the employees as employee benefit in 2017 financial year as disclosed in Note 18. There is significant judgement in relation to the assumptions used in the Black Scholes Option pricing models. Judgement is required with regards to the fair value of the shares at the issue date, the market volatility, the expected exercise period, and a number of other inputs into the models.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences where management considers that it is probable that future taxable profits will be available to utilise those temporary differences. Significant judgement is required on the part of management and the Board to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits over the future years together with future tax planning strategies. Management and the Board have determined not to raise any deferred tax assets which are estimated at \$418,614 during the full year ended 30 June 2017 so as to enable the Board to determine more reliably the probability of utilising these tax assets in the foreseeable future.

Impairment – general

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Platform and product development costs

Platform and development costs have been expensed in the year in which incurred. These amounts have not been capitalised on the basis that the directors consider that the expenditures do not meet the recognition criteria of development costs as defined by AASB 138 Intangible Assets.

Research and development tax offset scheme

Refundable research and development credits received from the research and development tax offset scheme are accounted for as a government grant as per AASB 120. Consequently, a credit is been recognised in the same period necessary to match the benefit of the credit with the costs for which it is intended to compensate. This credit has been presented as other income.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Deferred revenue

Included in deferred revenue is subscription revenue related to the sale of lifetime premiums which are to be recognised in the profit or loss over the subscription period. The key assumption in measuring the deferred revenue is the expected period of usage in relation to lifetime premium subscribers. There is significant estimation uncertainty with regards to the period of use and consequently the directors have estimated the usage period to be 5 years.

Convertible note

At 30 June 2016 the Group had total borrowings of \$3,066,666 relating to convertible notes comprising a derivative liability of \$1,145,199 and a debt host liability of \$1,921,467. On 15 November 2016 the group issued additional convertible notes to the value of \$200,000 with a maturity date of 15 November 2019.

As per AASB 139 paragraph 11

An embedded derivative shall be separated from the host contract and accounted for as a derivative under this Standard if, and only if:

- a. the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract;
- b. the hybrid (combined) instrument is not measured at fair value with changes in fair value recognised in profit or loss (i.e. a derivative that is embedded in a financial asset or financial liability).

The Group has determined the characteristics of the convertible note meet the criteria of an embedded derivative according the above accounting standards. Further the embedded derivative has been valued separately from the debt host liability and recorded at fair value at each reporting period, with changes in value being recorded in profit or loss as a finance charge.

There is significant judgement required in respect of the assumptions used in the valuation models used to determine the fair values of the embedded derivative. That fair values have been quantified using an appropriate option pricing model and have been revalued at the conversion date. On 1 April 2017 the company completed an initial public offering raising \$6.5m which resulted in the convertible notes being converted into 4,694,666 shares. A fair value gain on conversion of the notes amounting to \$378,533 is reflected as Other Income in the Statement of Comprehensive Income as disclosed in Note 2 of the financial statements.

t. **New and Revised Accounting Standards not yet mandatory or early adopted**

At the date of authorisation of the financial statements the following new standards and interpretations have not been early adopted. The below are a list of the standards and the likely impact.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending	Likely impact on initial application
ASB 9 'Financial Instruments' (December 2014)	1 January 2018	30 June 2019	The entity is yet to undertake a detailed assessment of the impact of AASB 9. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.
AASB 15 Revenue from Contracts with Customers	1 January 2018	30 June 2019	The entity is yet to undertake a detailed assessment of the impact of AASB 15. However, based on the entity's preliminary assessment, the Standard is not expected

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			to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.
AASB 16 Leases	1 January 2019	30 June 2020	The entity is yet to undertake a detailed assessment of the impact of AASB 16. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2020.
AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	1 January 2018	30 June 2019	Refer to the section on AASB 15 above.
AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)	1 January 2018	30 June 2019	Refer to the section on AASB 15 above.
AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2018	30 June 2019	When these amendments are first adopted for the year ending 30 June 2019, there will be no material impact on the financial statements.
AASB 2015-8 Amendments to Australian Accounting Standards – Effective Date of AASB 15	1 January 2017	30 June 2018	Refer to the section on AASB 15 above.
AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses.	1 January 2017	30 June 2018	When these amendments are first adopted for the year ending 30 June 2018, there will be no material impact on the financial statements.
AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107	1 January 2017	30 June 2018	When these amendments are first adopted for the year ending 30 June 2018, there will be no material impact on the financial statements.
AASB 2016-03 Amendments to Australian Accounting Standards – Clarifications to AASB 15	1 January 2018	30 June 2019	Refer to the section on AASB 15 above.
AASB 2016-4 Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash Generating Specialised Assets of Not-for-Profit Entities	1 January 2017	30 June 2018	When these amendments become effective for the first time for the year ending 30 June 2019, there will be no impact on the entity.
AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions	1 January 2018	30 June 2019	When these amendments are first adopted for the year ending 30 June 2019, there will be no material impact on the financial statements.
AASB 2016-6 Amendments to Australian Accounting Standards – Applying AASB 9 Financial Instruments with AASB 4 Insurance Contracts	1 January 2018	30 June 2019	When these amendments become effective for the first time for the year ending 30 June 2019, there will be no impact on the entity.
AASB 2017-1 Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments	1 January 2018	30 June 2019	When these amendments are first adopted for the year ending 30 June 2019, there will be no material impact on the financial statements.
AASB 2017-2 Amendments to Australian Accounting Standards –	1 January 2017	30 June 2018	When these amendments are first adopted for the year ending 30 June 2018, there will be no material impact on the financial statements.

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Further Annual Improvements 2014-2016 Cycle

Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018	30 June 2019	When this interpretation is adopted for the year ending 30 June 2019, there will be no material impact on the financial statements.
IFRS 17 Insurance Contracts	1 January 2021	30 June 2022	The entity is yet to undertake a detailed assessment of the impact of IFRS 17. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2022.
IFRIC 23 Uncertainty Over Income Tax Treatments	1 January 2019	20 June 2020	The entity has not yet assessed the full impact of this Interpretation.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 2: INCOME

	2017	2016
	\$	\$
Sales revenue	1,046,447	550,661
Interest received	6,255	3,855
Other revenue	46,572	38,623
Total revenue	<u>1,099,274</u>	<u>593,139</u>
 Fair value gain on option in convertible note	 378,533	 -
Government grants and Research and Development Tax Offset incentives	302,624	712,104
Total income	<u>1,780,430</u>	<u>1,305,243</u>

NOTE 3: RESULTS FOR THE YEAR

Expenses		
Rent	90,170	66,069
Share based payments expense	334,913	68,911
Depreciation of plant and equipment	4,766	3,155

NOTE 4: EMPLOYEE BENEFITS

Salaries and wages	1,970,659	951,692
Superannuation	87,486	71,803
Total employee benefits	<u>2,058,145</u>	<u>1,023,495</u>

NOTE 5: INCOME TAX EXPENSE

The components of tax expense comprise:

Current tax	88	-
Deferred tax	-	-
Total	<u>88</u>	<u>-</u>

Prima facie tax benefit on loss from ordinary activities before income tax at 27.5% (2016: 28.5%):

(565,547) (247,992)

Add tax effect of:

— Other non-allowable items	277,834	133,647
Subtotal	<u>(287,713)</u>	<u>(114,345)</u>

Less tax effect of:

— Items not assessable for taxation	-	-
— Items deductible for taxation but not accounting	(130,901)	(899)

Deferred tax assets not brought to account:	418,702	115,244
Income tax expense	<u>88</u>	<u>-</u>

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NOTE 5: INCOME TAX EXPENSE (CONT.)

The Group has carry forward tax losses, calculated according to Australian income tax legislation of \$692,816 (2016: \$274,202), which will be deductible from future assessable income provided that income is derived, and:

- a) The Company and its controlled entities carry on a business of, or a business that includes software development in Australia; and
- b) No change in tax legislation adversely affects the Group and its controlled entities in realising the benefit from the deduction for the losses.

The benefit of these losses will only be recognised where it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

NOTE 6: AUDITOR REMUNERATION

	2017	2016
	\$	\$
Remuneration of the auditor of the Group for:		
Audit services for the financial year	38,000	45,400
Other services (tax due diligence and investigating accountants report)	53,700	-
Total:	91,700	45,400

NOTE 7: EARNINGS PER SHARE

a. Reconciliation of earnings:		
Loss after tax	(2,056,624)	(870,150)
	No.	No.
Weighted average number of ordinary shares outstanding during the year used in		
b. calculating EPS	17,946,315	14,950,494
	Cents	Cents
c. Basic EPS	(11.19)	(5.82)
d. Diluted EPS	(11.19)	(5.82)

NOTE 8: CASH AND CASH EQUIVALENTS

Cash at bank and on hand	5,205,561	199,569
Total	5,205,561	199,569

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 9: TRADE AND OTHER RECEIVABLES

	2017	2016
	\$	\$
CURRENT		
Trade and other receivables from third parties:		
Trade receivables	128,007	53,303
Prepayments	43,173	-
Grants receivable	342,828	711,263
Deposits paid	18,883	32,852
Total current assets	532,891	797,418

There is no expectation of the Directors that any of the above amounts are required to be impaired as all amounts are anticipated to be fully recoverable. Whilst the above amounts are unsecured, there is no question as to the creditworthiness of the Group's debtors.

Allowance for impairment loss

Trade receivables and other receivables are non-interest bearing and are generally on 30 day terms. A provision for impairment loss is recognised when there is objective evidence that an individual receivable is impaired. No impairment has been recognised by the Group and Company in the current year. No receivable is past due.

Fair value and credit risk

Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value. The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security, nor is it the Group's policy to transfer on-sell receivables to special purpose entities.

Interest rate risk

Detail regarding interest rate risk exposure is disclosed in Note 22.

NOTE 10: CONTROLLED ENTITIES.

Controlled Entities Consolidated

	Country of Incorporation	Percentage Owned (%)*	
		2017	2016
PARENT ENTITY:			
Tinybeans Group Limited	Australia		
SUBSIDIARIES OF TINYBEANS GROUP LIMITED			
Tinybeans Pty Limited	Australia	100	100
Tinybeans Innovations Pty Ltd	Australia	100	100
Tinybeans USA Ltd (Delaware C Corp)	USA	100	100

** Percentage of voting power is in proportion to ownership*

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 11: PLANT AND EQUIPMENT

	2017	2016
	\$	\$
OFFICE EQUIPMENT		
At cost	36,263	14,160
Accumulated depreciation	<u>(9,380)</u>	<u>(4,627)</u>
Total office equipment	<u><u>26,883</u></u>	<u><u>9,533</u></u>

Movements in Carrying Amounts

	Office Equipment	Total
	\$	\$
Balance at 1 July 2015	14,160	14,160
Depreciation expense	<u>(4,627)</u>	<u>(4,627)</u>
Balance at 30 June 2016	<u>9,533</u>	<u>9,533</u>
Acquisitions in the year	22,104	22,104
Effects of foreign exchange on opening balance	12	12
Depreciation expense	<u>(4,766)</u>	<u>(4,766)</u>
Balance at 30 June 2017	<u><u>26,883</u></u>	<u><u>26,883</u></u>

NOTE 12: INTANGIBLES

	Patents	Total
	\$	\$
Balance at 1 July 2015	-	-
Amortisation expense	<u>-</u>	<u>-</u>
Balance at 30 June 2016	<u>-</u>	<u>-</u>
Acquisitions in the year	68,030	68,030
Amortisation expense	<u>-</u>	<u>-</u>
Balance at 30 June 2017	<u><u>68,030</u></u>	<u><u>68,030</u></u>

NOTE 13: TRADE AND OTHER PAYABLES

CURRENT

Accounts payable	96,017	32,238
Accrued expenses	110,554	-
Deferred revenue	264,887	165,614
Other payables	<u>119,761</u>	<u>90,363</u>
Total	<u><u>591,219</u></u>	<u><u>288,215</u></u>

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NOTE 14: PROVISIONS

	2017	2016
	\$	\$
Employee provisions	111,534	27,687
Total	<u>111,534</u>	<u>27,687</u>

NOTE 15: BORROWINGS

CURRENT

Convertible note – debt host liability	-	1,921,467
Convertible note – derivative liability	-	1,145,199
Total	<u>-</u>	<u>3,066,666</u>

Movements during the period

	Derivative liability	Debt host liability	Total
	\$	\$	\$
Balance at 1 July 2015	1,205,222	1,461,445	2,666,667
Additions during the year	-	460,022	460,022
Fair value adjustments during the year	(60,023)	-	(60,023)
Balance at 30 June 2016	<u>1,145,199</u>	<u>1,921,467</u>	<u>3,066,666</u>
Additions during the year	-	200,000	200,000
Derecognition during the year	(1,145,199)	(2,121,467)	(3,266,666)
Balance at 30 June 2017	<u>-</u>	<u>-</u>	<u>-</u>

NOTE 16: NON-CURRENT LIABILITIES

Deferred revenue	215,431	-
Total	<u>215,431</u>	<u>-</u>

NOTE 17: ISSUED CAPITAL

	2017		2016	
	No of Shares	\$	No of Shares	\$
Ordinary shares				
<i>Fully Paid</i>				
At the beginning of reporting period	266,618	345,000	266,618	345,000
Shares split during the year	14,683,876	-	-	-
Convertible notes converted to shares	4,694,666	2,954,800	-	-
Shares issued at IPO	6,500,000	6,500,000	-	-
Cost of raising capital	-	(481,789)	-	-
Closing balance at reporting date	<u>26,145,160</u>	<u>9,318,011</u>	<u>266,618</u>	<u>345,000</u>

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NOTE 17: ISSUED CAPITAL (CONT.)

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At the shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Capital Management

Management controls the capital of the Group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the group can fund its operations and continue as a going concern.

The Group's capital includes ordinary share capital, shares and financial liabilities, supported by financial assets. There are no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distribution to shareholders and share issues.

NOTE 18: RESERVES

	2017	2016
	\$	\$
Options reserve	451,184	124,224
Foreign currency translation reserve	47,882	-
Total reserves	499,066	124,224

The options reserve records the fair value of options on issue.

Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

	Options reserve	Foreign currency translation reserve	Total
	\$	\$	\$
Balance at 1 July 2015	55,513	-	55,513
Additions during the year	68,911	-	68,911
Balance at 30 June 2016	124,224	-	124,224
Additions during the year ¹	326,960	47,882	374,842
Balance at 30 June 2017	451,184	47,882	499,066

1. Options issued during the year to employees and consultants at IPO. Refer to Note 19.

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NOTE 19: SHARE BASED PAYMENTS

On 21 April 2017, 318,000 shares were issued to key personnel at an issue price of \$1.00 per share and a total transactional value of \$152,657.

A share option plan has been established by the consolidated entity and approved by shareholders at a general meeting, whereby the consolidated entity may, at the discretion of the Nomination and Remuneration Committee, grant options over ordinary shares in the company to certain key management personnel of the consolidated entity. The options are issued for nil consideration and are granted in accordance with performance guidelines established by the Nomination and Remuneration Committee.

Set out below are summaries of options granted under the plan:

2017		Exercise price	Balance at the start of the year	Granted	Exercised	Cancelled ¹	Balance at the end of the year
Grant date	Expiry date						
01/02/2014	01/02/2024	\$0.3200	149,158	-	-	(149,158)	-
01/02/2015	01/02/2025	\$0.5200	205,682	-	-	(205,682)	-
18/04/2017	18/04/2020	\$0.3210	-	149,158	-	-	149,158
18/04/2017	18/04/2020	\$0.5029	-	96,617	-	-	96,617
18/04/2017	18/04/2020	\$0.5364	-	109,065	-	-	109,065
21/04/2017	21/04/2021	\$1.2000	-	318,000	-	-	318,000
			<u>354,840</u>	<u>672,840</u>	<u>-</u>	<u>(354,840)</u>	<u>672,840</u>
Weighted average exercise price			\$0.43	\$0.80	-	\$0.43	\$0.80

¹ These options were cancelled and reissued on 18 April 2017 as part of the IPO.

Set out below are summaries of options granted under the plan:

2016		Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Grant date	Expiry date						
01/02/2014	01/02/2024	\$0.32	149,158	-	-	-	149,158
01/02/2015	01/02/2025	\$0.52	205,682	-	-	-	205,682
			<u>354,840</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>354,840</u>
Weighted average exercise price			\$0.43	-	-	-	\$0.43

		2017 No.	2016 No.
Grant date	Expiry date		
01/02/2014	01/02/2024	-	149,158
01/02/2015	01/02/2025	-	205,682
18/04/2017	18/04/2020	354,840	-
21/04/2017	21/04/2021	318,000	-
Closing balance		<u>672,840</u>	<u>354,840</u>

The weighted average share price during the financial year was \$0.80 (2016: \$NIL).

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NOTE 19: SHARE BASED PAYMENTS (CONT.)

The weighted average remaining contractual life of options outstanding at the end of the financial year was 3.47 years (2016: 10 years).

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
18/04/2017	18/04/2020	\$1.00	\$0.3210	70.00%	-	1.90%	\$0.3955
18/04/2017	18/04/2020	\$1.00	\$0.5029	70.00%	-	1.90%	\$0.3067
18/04/2017	18/04/2020	\$1.00	\$0.5364	70.00%	-	1.90%	\$0.2935
21/04/2017	21/04/2021	\$1.00	\$1.2000	70.00%	-	1.90%	\$0.4216

NOTE 20: ACCUMULATED LOSSES

	2017	2016
	\$	\$
Opening balance	(2,845,272)	(1,975,122)
Losses for the year	(2,056,624)	(870,150)
Closing balance	(4,901,896)	(2,845,272)

NOTE 21: CASH FLOW INFORMATION

Reconciliation of Cash Flow from Operations with Profit after Income Tax

Loss after income tax	(2,008,742)	(870,150)
<i>Non-cash flows in profit:</i>		
Depreciation	4,766	3,155
Accrued interest on convertible notes	66,667	100,000
Gain on derecognition of convertible notes	(378,533)	-
Net exchange differences	47,882	-
Share based payments expense	334,913	68,911
Write off of prior year grant receivable	39,045	-
<i>Changes in current assets and liabilities:</i>		
Decrease/(increase) in trade and other receivables	264,527	(119,232)
Increase in accounts payable and accruals	441,224	186,295
Net cash used in operating activities	(1,188,251)	(631,021)

NOTE 22: EVENTS AFTER THE BALANCE SHEET DATE

No other significant subsequent event has arisen that significantly affects the operations of the Group.

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NOTE 23: FINANCIAL INSTRUMENTS

General Objectives, Policies and Processes

The Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Groups' exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies. The Group's risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the results of objectives where such impacts may be material. The Board periodically reviews the effectiveness of the process put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible. Further details regarding these policies are set out below:

Credit Risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Group incurring a financial loss. This usually occurs when debtors or counterparties to derivative contracts fail to settle their obligations owing to the Group. The Group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Group.

The maximum exposure to credit risk at balance date is as follows:

	2017	2016
	\$	\$
Trade receivables	128,007	53,303

Liquidity Risk

Liquidity risk is the risk that the Group may encounter difficulties raising funds to meet commitments associated with financial instruments due to creditors. The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

Maturity Analysis of Financial Liabilities

	Carrying Amount	Contractual Cash Flows	< 6 Months
	\$	\$	\$
2017			
CURRENT LIABILITIES			
Accounts payable	96,017	96,017	96,017
Other payables	119,761	119,761	119,761

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NOTE 23: FINANCIAL INSTRUMENTS (CONT.)

	Carrying Amount	Contractual Cash Flows	< 6 Months
	\$	\$	\$
2016			
CURRENT LIABILITIES			
Accounts payable	32,238	32,238	32,238
Other payables	90,363	90,363	90,363
Borrowings	3,066,666	3,066,666	3,066,666

Interest Rate Risk

The Group is constantly monitoring its exposure to trends and fluctuations in interest rates in order to manage interest rate risk.

The following tables demonstrate the sensitivity to a reasonably possible change in interest rates, with all other variables held constant.

	2017	2016
	\$	\$
Change in Cash and Cash Equivalents		
Increase in interest rate by 1%	52,056	1,996
Decrease in interest rate by 1%	(52,056)	(1,996)

Foreign currency risk

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

Exposure

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollars, was as follows:

	2017	2016
	\$	\$
Cash at bank	141,866	116,599
Trade receivables	88,713	51,749
Trade payables	61,112	29,865

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 23: FINANCIAL INSTRUMENTS (CONT.)

Amounts recognised in profit or loss and other comprehensive income

During the year, the following foreign-exchange related amounts were recognised in profit or loss and other comprehensive income:

<i>Amounts recognised in profit or loss</i>	\$	\$
Net foreign exchange gain/(loss) included in other income/other expenses	47,882	-
Total net foreign exchange (losses) recognised in profit before income tax for the period	47,882	-

Sensitivity

As shown in the table above, the Group is primarily exposed to changes in the US/\$ exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from revenue and expenses in Tinybeans USA Ltd.

	2017	2016
Impact on post tax profit	\$	\$
US/\$ exchange rate – increase 5%	139,723	77,949
US/\$ exchange rate – decrease 5%	(139,723)	(77,949)

NOTE 24: SEGMENT REPORTING

The Group does not prepare segment reports as those charged with governance review the operations of the Group as a whole and not in discreet segments, either by operations or geographical means.

NOTE 25: RELATED PARTY TRANSACTIONS

Subsidiaries

The group's principal subsidiaries at 30 June 2017 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Name of entity	Country of incorporation	Percentage owned	
		2017	2016
Tinybeans Innovations Pty Ltd	Australia	100%	100%
Tinybeans Pty Ltd	Australia	100%	100%
Tinybeans USA Ltd (Delaware C Corp)	USA	100%	100%

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NOTE 25: RELATED PARTY TRANSACTIONS (CONT.)

Key Management Personnel Compensation

	Salary and directors fees	Bonus	Non-monetary benefits	Total
	\$	\$	\$	\$
2017				
Edward Geller	164,982	66,268	138,106	369,356
Kim Heras	21,364	-	-	21,364
Stephen O'Young	157,389	50,000	-	207,389
Sarah-Jane Kurtini	148,366	50,000	37,117	235,483
Total Compensation	492,101	166,268	175,223	833,592

	Salary and directors fees	Bonus	Non-monetary benefits	Total
	\$	\$	\$	\$
2016				
Edward Geller	55,259	-	220,304	275,563
Stephen O'Young	140,160	-	-	140,160
Sarah-Jane Kurtini	122,640	-	-	122,640
Total Compensation	318,059	-	220,304	538,363

Shares Held by Key Management Personnel and Their Associates

	Balance 01 July 2016	Share split (1:56.075)	Additions	Balance 30 June 2017
Edward Geller	82,293	4,532,238	591,356	5,205,887
Kim Heras	1,259	69,361	-	70,620
Stephen O'Young	113,040	6,225,631	394,903	6,733,574
Sarah-Jane Kurtini	54,562	3,004,980	2,000	3,061,542
Total	251,154	13,832,210	988,259	15,071,623

NOTE 26: PARENT ENTITY DISCLOSURES

	2017	2016
	\$	\$
Financial position		
Assets		
Total current assets	5,093,782	795,140
Total non-current assets	320,739	9,533
Total assets	5,414,521	804,673
Liabilities		
Total current liabilities	79,198	2,522,189
Total liabilities	79,198	2,522,189

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NOTE 26: PARENT ENTITY DISCLOSURES

Equity

Contributed equity	9,317,911	345,000
Reserves	451,184	124,224
Accumulated losses	-	(1,750,379)
Total equity	9,769,095	(1,281,155)

Financial performance

Loss for the year	(4,433,772)	(436,361)
Other comprehensive income	-	-
Total comprehensive loss	(4,433,772)	(436,361)

NOTE 27: CONTINGENT ASSETS AND LIABILITIES

There are no contingent assets or liabilities present for the Group at balance date.

NOTE 28: CAPITAL COMMITMENTS

There are no capital commitments present for the Group at balance date.

NOTE 29: COMPANY DETAILS

The **registered office** of the Company is:

Tinybeans Group Limited
Level 2, 105-111 Reservoir Street
Surry Hills NSW 2010

The **principal place of business** is:

Tinybeans Group Limited
Level 2, 105-111 Reservoir Street
Surry Hills NSW 2010

TINYBEANS GROUP LIMITED
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DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. the financial statements and notes, as set out on pages 14 to 39, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards and the Corporations Regulations 2001; and
 - b. give a true and fair view of the financial position as at 30 June 2017 and of the performance for the year ended on that date of the Company and Consolidated Group.
2. the Company has included in note 1 to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards;
3. the Directors have been given the declaration required by Section 295A of the Corporations Act from the Chief Executive Officer for the financial year ended 30 June 2017;
4. in the Director's 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; and
5. the remuneration disclosures included on pages 10 to 12 of the Directors' Report (as part of the Audited Remuneration Report) for the year ended 30 June 2017, comply with section 300A of the Corporations Act 2001.

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



Edward Geller
Executive Chairman
Sydney, 27 September 2017

INDEPENDENT AUDITOR'S REPORT To the Members of Tinybeans Group Ltd

Opinion

We have audited the financial report of Tinybeans Group Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (i) giving a true and fair view of the entity's financial position as at 30 June 2017 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 entity in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

Key Audit Matters

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

Key Audit Matter	How our audit addressed this matter
Recognition of Revenue Refer to Note 1(b) & 3 in the financial statements	
<p>The revenue recognition and the completeness of the associated unearned revenue was considered a key audit matter due to the nature of the revenue being received in advance of the period the “services” are delivered. Revenue recognition is considered complex due to the multiple revenue streams, and the level of non-routine processes requiring manual intervention The associated risks include:</p> <ol style="list-style-type: none"> 1. There are multiple subscription periods and additional marketing-related revenue streams. 2. There is a risk that revenue may be overstated due to the unearned revenue being incorrectly quantified or recognized in advance. 3. There is judgement required around the determination of the recognition period for “lifetime subscriptions”. 4. Revenues in relation to advertising contracts are non-routine with the service delivery taking place over extended periods of time. The timing around the recognition of the revenue is considered a key audit matter. 	<p>We obtained a detailed understanding of each of the revenue streams and the systems and processes in place for calculating and recording revenue.</p> <p>Our testing of the revenue transactions included, among other things, the following:</p> <ul style="list-style-type: none"> • Assessing whether the Group’s revenue recognition policies in relation to each of the revenue streams was in accordance with the Australian Accounting Standards. • Performing predictive analytical audit procedures to assess whether the recognised revenue was consistent with the expectations. • Evaluating and testing the operating effectiveness of management’s controls related to revenue recognition. • Inspection of sales contracts and other related documents in respect of the Advertising Revenue, and testing a sample of transaction to obtain assurance that the revenue was recognised over the period of the service delivery. • Testing a sample of transactions to determine that the revenue and deferred revenue in relation to those transactions was correctly accounted for. • Critically evaluating management’s assumptions around the amortisation period of “lifetime subscriptions”, and ensured that the financial statements contained adequate disclosure with regards to these judgements.
Share Capital and Reserves Refer to Note 17 in the financial statements	
<p>The company completed an initial public offer (“IPO”) during the 2017 financial year. The following significant transactions occurred as part of the IPO:</p> <ol style="list-style-type: none"> 1. 6,500,000 new shares to raise approximately \$6,500,000; 2. The existing borrowings of \$3m in relation to convertible notes were converted to 4,964,665 shares as part of the IPO; 	<p>Our audit procedures in relation to this area included the following:</p> <ul style="list-style-type: none"> • Testing that the capital raised per the company accounting records is consistent with the statutory documents lodged with the regulators. • Reviewing the prospectus to obtain an understanding of the capital raising and related transactions and obtain assurance that the

<p>3. Significant IPO costs and capital raising costs.</p> <p>The valuation of the convertible notes is complex and requires significant judgement as a result of the conversion option being treated as an embedded derivative, and valued separately from the debt.</p> <p>In addition, the accounting treatment of IPO costs requires the application of judgement in assessing whether costs incurred relate to obtaining a stock exchange listing, which would be treated as an expense, or the procurement of Capital, which would be deducted from equity.</p>	<p>accounting in relation to the transactions is consistent with the prospectus.</p> <ul style="list-style-type: none"> • Reviewing the expenditure capitalised in relation to the capital raised and test the expenses to supporting documentation obtaining assurance that the expenses related directly to the capital raised, or, where appropriate, were split between capital and expenditure on a reasonable basis. • Reviewing the determination of the fair value of the conversion option contained within the convertible notes. We tested that the inputs used were consistent with the original convertible note deeds and comparable market data as well as the information contained in the prospectus. • Reviewing journal entry for the conversion of the debt to equity to obtain assurance that the accounting entries are consistent with the requirements of the Australian Accounting Standards.
<p>Share-based payment</p> <p>Refer to Note 18 in the financial statements</p>	
<p>During the financial year ended 30 June 2017, the company made the following share-based payments:</p> <ol style="list-style-type: none"> 1. 354,840 options were cancelled and re-issued to the consultants of the company as part of the IPO; and 2. 318,000 options were issued to the employees of the company. <p>The fair value measurement of the options is inherently complex and requires significant judgement to be made with regards to the assumptions used in the model as part of the option valuation process.</p>	<p>Our audit procedures in relation to this area included the following:</p> <ul style="list-style-type: none"> • Obtaining understanding of the entity's process for determining fair value measurements and disclosures (e.g. the expertise and experience of the service organisation determining the fair value measurements); • Evaluating the fair value measurements and disclosures in the financial statements are in conformity with the Australian Accounting Standards; and • Evaluating the appropriateness of the valuation methodology used in the reasonableness of the assumptions made in relation to our knowledge of the business and market conditions.

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 2017, but does not include the financial report and the auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the Directors are responsible for assessing the ability of the entity 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 entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 12 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Tinybeans Group Ltd, for the year ended 30 June 2017, complies with section 300A of the Corporations Act 2001.

Responsibilities

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



RSM Australia Partners



G N Sherwood
Partner

Sydney, 27 September 2017

TINYBEANS GROUP LIMITED
ABN 46 168 481 614
AND CONTROLLED ENTITIES

ADDITIONAL INFORMATION FOR PUBLIC LISTED COMPANIES

Additional information required by the ASX Listing Rules and not disclosed elsewhere in this report is set out below.

Corporate Governance Statement

Refer to the link for the Corporate Governance statement on the Group's website.

<https://investors.tinybeans.com/Investors/?page=Corporate-Governance>

Distribution Schedule of Equity Securities

Spread of Holdings	Shares	Options
1 – 1,000	20	-
1,001 – 5,000	205	-
5,001 – 10,000	35	-
10,001 – 100,000	65	9
100,001 and over	32	2
Total	357	11

Unmarketable parcels

There were 7 shareholders holding less than a marketable parcel totalling 3,493 shares as at 30 June 2017.

As at 30 June 2017, there were 3,584,663 ordinary shares held in voluntary escrow until 20 April 2018 and 15,075,388 ordinary shares held in mandatory escrow until 20 April 2019.

The number of holder of each class of equity security as at 20 September 2017:

Class of security	Number
Ordinary fully paid shares	357
Options	11

Substantial Shareholders

The names of substantial shareholders who have notified the Company in accordance with Section 671B of the Corporations Act 2001 are:

Holder Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
STEPHEN O'YOUNG; STEPHEN O'YOUNG <ATF O'YOUNG FAMILY TRUST>; SOYABEAN PTY LTD <ATF SOYABEAN SUPER FUN>	6,733,574	25.75
EDDIE GELLER; ME & 4 BOYS PTY LTD; ME & 4 BOYS PROSPERITY PTY LTD; PUSHSTART MANAGEMENT PTY LTD <ATF PUSHSTART UNIT TRUST>	5,811,614	22.22
JASON KURTINI & SARAH-JANE KURTINI	3,061,542	11.71

TINYBEANS GROUP LIMITED
ABN 46 168 481 614
AND CONTROLLED ENTITIES

ADDITIONAL INFORMATION FOR PUBLIC LISTED COMPANIES (CONT.)

Voting Rights

Every member is entitled to be present at a meeting and may vote. Options do not carry a right to vote.

On a show of hands, every Member has one vote.

On a poll every member has:

- one vote for each fully paid share; and
- voting rights pro rata to the amount paid up on each partly paid share held by the member.

Top 20 Holdings as at 20 September 2017

Holder Name	Balance at 20 September 2017	%
STEPHEN O'YOUNG	6,338,671	24.24
ME & 4 BOYS PTY LTD	4,644,384	17.76
JASON KURTINI & SARAH-JANE KURTINI	3,059,542	11.70
PUSHSTART MANAGEMENT PTY LTD	1,165,230	4.46
J P MORGAN NOMINEES AUSTRALIA LIMITED	552,015	2.11
FIFTY SECOND CELEBRATION PTY LTD	464,000	1.77
MYALDALI PTY LTD	458,584	1.75
VIP PETFOODS SUPERANNUATION FUND PTY LTD	458,584	1.75
SOYABEAN PTY LTD	392,903	1.50
MULLOWAY PTY LTD	350,000	1.34
BOLLINGER INVESTMENTS LIMITED	300,000	1.15
GISBORNE PARK PTY LTD	300,000	1.15
ME & 4 BOYS PROSPERITY PTY LTD	294,678	1.13
STAMY PTY LIMITED	275,150	1.05
TRIFECTA ENTERPRISES PTY LTD	275,150	1.05
IDALP PTY LTD	250,000	0.96
BUNGEELTAP PTY LTD	210,000	0.80
BODHI INVESTMENT LIMITED	200,000	0.76
MRS DIANA FELICITY BOEHME	200,000	0.76
FORDHOLM CONSULTANTS PTY LTD	200,000	0.76
TOTAL	20,388,891	77.95

Unquoted Equity Securities

Holder Name	Number of Options Held	% Held of Issued Options
JEN BROWN	149,158	23.08
MEGAN GARDNER	109,065	16.87
MICHAEL WIPFLI	96,617	14.95
CENTINO MARIA	53,000	8.20
VASILVER SIGALIT	39,750	6.15
FOK CLAUDIA	39,750	6.15
WAKULICZ TIMOTHY	39,750	6.15
SAYF TIM	39,750	6.15
DING LUWAN	26,500	4.10
ABDELHALIM SHERIF	26,500	4.10
MOURA FABIANO	26,500	4.10
TOTAL	646,340	100.00

**TINYBEANS GROUP LIMITED
ABN 46 168 481 614
AND CONTROLLED ENTITIES**

ADDITIONAL INFORMATION FOR PUBLIC LISTED COMPANIES (CONT.)

Statement regarding use of cash and assets

Tinybeans Group Limited utilised cash and assets in a form readily convertible to cash that it had at the time of admission consistent with the business objectives and use of funds stated in the Prospectus lodged with the ASX and dated 7 March 2017.

The name of the Company Secretary is:

Mr. Anand Sundaraj

Registered Office and Principal Place of Business

Level 2, 105-111 Reservoir Street
Surry Hills NSW 2010

Telephone: (02) 9121 2524

Email: info@tinybeans.com

Website: www.tinybeans.com