Credible Labs Inc.

BAN 0487439

Financial Statements

For the financial years ended- 31 December 2016
31 December 2015
31 December 2014

Credible Labs Inc.

BAN 0487439

For the financial years ended 31 December 2016, 31 December 2015 and 31 December 2014

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Credible Labs Inc.

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Directors' Report

For the financial years ended 31 December 2016, 31 December 2015 and 31 December 2014

The Board of Directors of Credible Labs Inc. (the Company) submit herewith the annual financial report of the Company for the financial years ended 31 December 2016 (FY2016), 31 December 2015 (FY2015) and 31 December 2014 (FY2014).

1. General information

Directors

The names of the Directors in office at any time during the financial years FY2016, FY2015 and FY2014 are:

Stephen Dash (date appointed November 21st, 2012)
Soul Htite (date appointed September 18th, 2015)
Dean Dorrell (date appointed September 18th, 2015)

Principal Activities

Credible Labs Inc. was incorporated on 20 November 2012 as a corporation in the state of Delaware, United States of America (USA). The Company operates an online marketplace that allows prospective borrowers to receive loan offers from lenders. The Company was formally known as Stampede Labs Inc. and changed its name to Credible Labs Inc. in December 2013.

No significant change in the nature of these activities occurred during the financial years FY2016, FY2015 and FY2014.

2. Business review

Operating results

The loss of the Company after providing for income tax amounted to $1,606,966 in FY2016 (FY2015: $1,868,248; FY2014: $593,584).

Dividends paid or recommended

The Company has not declared or distributed any dividend in FY2016 (FY2015: $Nil, FY2014: $Nil).

3. Other items

Significant changes in state of affairs

There have been no significant changes in the state of affairs of the Company during the financial years FY2016, FY2015 and FY2014.

Events after the reporting date

No matters or circumstances have arisen since the end of the financial year FY2016 which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

3. Other items (continued)

Indemnifying Officers or Auditors

No indemnification has been requested or triggered during or since the end of the financial years, for any person who is or has been an officer or auditor of the Company.

Proceedings on Behalf of Company

No legal claims have been brought against the Company or by the Company during the relevant time period.

Signed in accordance with a resolution of the Board of Directors:

……………………………

Stephen Dash
Founder and CEO
San Francisco, 29 August 2017

Credible Labs Inc.

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Statement of Profit or Loss and Other Comprehensive Income

For the financial years ended 31 December 2016, 31 December 2015 and 31 December 2014

	Notes	FY2016 $	FY2015 $	FY2014 $
Revenue		8,825,545	1,466,927	43,961
Cost of sales		(4,422,648)	(1,226,162)	(214,689)
Gross profit		4,402,897	240,765	(170,728)
Other income		1,900	769	507
Employee benefit expenses	2(b)	(2,991,654)	(1,051,282)	(207,888)
Administrative expenses		(2,222,167)	(754,419)	(201,035)
Marketing expenses		(249,350)	(67,563)	(10,683)
Depreciation and amortisation	2(a)	(524,549)	(171,336)	(3,507)
Other expenses		(24,043)	(138)	(250)
Finance costs	2(a)	-	(65,044)	-
Loss before income tax		(1,606,966)	(1,868,248)	(593,584)
Income tax expense		-	-	-
Loss for the year		(1,606,966)	(1,868,248)	(593,584)
Other comprehensive income		-	-	-
Total comprehensive loss for the year		(1,606,966)	(1,868,248)	(593,584)

The accompanying notes form part of the financial statements.

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Statement of Financial Position

As at 31 December 2016, 31 December 2015 and 31 December 2014

	Notes	FY2016 $	FY2015 $	FY2014 $
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	3	14,115,349	8,591,717	760,066
Trade and other receivables	4	2,742,673	315,613	36,884
Other assets	5	380,079	310,290	9,000
TOTAL CURRENT ASSETS		17,238,101	9,217,620	805,950
NON-CURRENT ASSETS				
Property, plant and equipment	6	112,351	18,155	-
Intangible assets	7	1,991,761	1,024,690	327,004
TOTAL NON-CURRENT ASSETS		2,104,112	1,042,845	327,004
TOTAL ASSETS		19,342,213	10,260,465	1,132,954
LIABILITIES				
CURRENT LIABILITIES				
Trade and other payables	8	912,803	231,253	29,550
TOTAL CURRENT LIABILITIES		912,803	231,253	29,550
NON-CURRENT LIABILITIES				
Borrowings	9	10,000,000	-	1,812,000
TOTAL NON-CURRENT LIABILITIES		10,000,000	-	1,812,000
TOTAL LIABILITIES		10,912,803	231,253	1,841,550
NET ASSETS		8,429,410	10,029,212	(708,596)
EQUITY				
Issued capital	10	12,611,016	12,612,339	6,283
Reserves		8,487	-	-
Accumulated losses		(4,190,093)	(2,583,127)	(714,879)
TOTAL EQUITY		8,429,410	10,029,212	(708,596)

The accompanying notes form part of the financial statements.

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Statement of Changes in Equity

For the financial years ended 31 December 2016, 31 December 2015 and 31 December 2014

		Issued Capital	Share-based payments reserve	Accumulated Losses	Total
FY2014	**Note**	**$**	**$**	**$**	**$**
Balance at 1 January 2014		4,946	-	(121,295)	(116,349)
Issue of shares during the year		2,191	-	-	2,191
Repurchase of shares during the year		(303)			(303)
Share-based payment reserve		-	-	-	-
Loss for the year		-	-	(593,584)	(593,584)
Subscription receivable		(551)	-	-	(551)
Total comprehensive loss		-	-	(593,584)	(593,584)
Balance at 31 December 2014		**6,283**	**-**	**(714,879)**	**(708,596)**
FY2015					
Balance at 1 January 2015		6,283	-	(714,879)	(708,596)
Issue of shares during the year		12,608,512	-	-	12,608,512
Repurchase of shares during the year		(3,007)		-	(3,007)
Share-based payment reserve		-	-	-	-
Loss for the year		-	-	(1,868,248)	(1,868,248)
Subscription receivable		551	-	-	551
Total comprehensive loss		-	-	(1,868,248)	(1,868,248)
Balance at 31 December 2015		**12,612,339**	**-**	**(2,583,127)**	**10,029,212**
FY2016					
Balance at 1 January 2016		12,612,339	-	(2,583,127)	10,029,212
Issue of shares during the year		-	-	-	-
Repurchase of shares during the year		(1,323)	-	-	(1,323)
Share-based payment reserve		-	8,487	-	8,487
Loss for the year		-	-	(1,606,966)	(1,606,966)
Subscription receivable		-	-	-	-
Total comprehensive loss		-	-	(1,606,966)	(1,606,966)
Balance at 31 December 2016		**12,611,016**	**8,487**	**(4,190,093)**	**8,429,410**

The accompanying notes form part of the financial statements.

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Statement of Cash Flows

For the financial years ended 31 December 2016, 31 December 2015 and 31 December 2014

	Note	FY2016 $	FY2015 $	FY2014 $
Cash from operating activities:				
Receipts from customers		6,498,485	1,188,198	7,532
Payments to suppliers and employees		(9,289,616)	(3,199,151)	(613,995)
Interest received		1,900	769	507
Net cash used in operating activities	14	(2,789,231)	(2,010,184)	(605,956)
Cash flows from investing activities:				
Purchase of plant and equipment		(121,368)	(22,741)	-
Payments for intangible assets		(1,464,446)	(864,436)	(232,621)
Net cash used in investing activities		(1,585,814)	(887,177)	(232,621)
Cash flows from financing activities:				
Proceeds from borrowings		9,900,000	-	1,439,020
Proceeds from shares issued		-	10,732,019	1,640
Repurchase of shares		(1,323)	(3,007)	(303)
Net cash provided by financing activities		9,898,677	10,729,012	1,440,357
Net increase in cash and cash equivalents		5,523,632	7,831,651	601,780
Cash and cash equivalents at beginning of year		8,591,717	760,066	158,286
Cash and cash equivalents at end of year	3	14,115,349	8,591,717	760,066

The accompanying notes form part of the financial statements.

1 Summary of significant accounting policies

(a) General Information

Credible Labs Inc. is a Company incorporated and domiciled in the United States of America. The functional and presentation currency of Credible Labs Inc. is US dollars. The financial statements were authorised for issue on 29 August 2017.

The registered office and principal place of business of the Company is:

101 Green Street Level 2
San Francisco, CA 94111
United States of America

(b) Financial reporting framework

The Company is not a reporting entity because in the opinion of the Directors there are unlikely to exist users of the financial statements who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. Accordingly, these special purpose financial statements have been prepared to meet the needs of the Directors.

The financial statements of the Company are prepared on a for-profit basis.

(c) Statement of compliance

The financial report has been prepared in accordance with the recognition and measurement requirements of the Australian equivalents to International Financial Reporting Standards (AIFRS), interpretations and other authoritative pronouncements of the Australian Accounting Standards Board, but not in accordance with all the disclosure requirements of AIFRS and other professional reporting requirements in Australia.

(d) Basis of preparation

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in US dollars, unless otherwise noted.

(e) Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. All assets are depreciated over their expected useful lives. Plant and equipment are depreciated on a straight line basis over the asset's expected useful life commencing from the time the asset is ready for use. Depreciation is recognised so as to write off the cost less their residual values over their useful lives, using the straight-line method or the reducing balance method for assets likely to incur accelerated use or obsolescence. The estimated useful lives, residual values and depreciation method are reviewed at the end of each financial period, with the effect of any changes in estimate accounted for on a prospective basis.

The estimated useful lives used for each class of depreciable assets are:

Office Equipment	5 years
Computer Equipment	3 years

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. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

1 Summary of significant accounting policies (cont'd)

(f) Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred, unless such expenditure results in an internally-generated intangible asset, in which case it is recognised as a capital expenditure.

An internally- generated intangible asset arising from software development is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Amortisation starts when the asset is complete and ready for use.

The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Expected useful life of 5 years is used for internally generated intangible assets and the expected useful life of 15 years is used for domain names, trademarks and IP transactions.

(g) Impairment of Assets

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

1 Summary of significant accounting policies (cont'd)

(h) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(i) Employee Benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured at the present value of the estimated future cash outflows to be made by the Company in respect of services provided by employees up to reporting date.

(j) Income Tax

Current tax
Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax
Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary differences cannot be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures except where the Company is able to control the reversal of the

1 Summary of significant accounting policies (cont'd)

(j) Income tax (cont'd)

temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.
The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset is to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year
Current and deferred tax is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

(k) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held-at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(l) Revenue

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

Revenue from rendering of service

The Company operates an online marketplace that allows prospective borrowers to receive loan offers from lenders. In return for providing these services entered into by customers through the online marketplace, the lender pays the Company a fee with revenue recognised for the service upon disbursement of the loan.

(m) Comparative Figures

Comparative figures have been adjusted to conform to changes in presentation for the current financial year where required by accounting standards or as a result of a change in accounting policy.

1 Summary of significant accounting policies (cont'd)

(n) Trade and other receivables

Allowance for doubtful accounts is calculated based on the aging of the Company's accounts receivable, historical experience, current and future short-term business conditions and management judgment. The Company writes off accounts receivable against the allowance when the Company determines a balance is uncollectible and no longer actively pursues collection of the receivable.

(o) Trade payables

Trade and other payables are stated at cost, which approximates fair value due to the short-term nature of these liabilities.

(p) Interest-bearing borrowings

Interest-bearing borrowings are initially recognised at fair value less any related transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost. Any difference between cost and redemption value is recognised in the statement of profit or loss and other comprehensive income over the entire period of the borrowings on an effective interest basis.

Interest-bearing borrowings are classified as current liabilities unless the Company has an unconditional right to defer the settlement of the liability for at least twelve months from the balance sheet date.

(q) Foreign Currency Transactions and Balances

The financial statements of the Company are presented in the currency of the primary economic environment in which the Company operates i.e., US dollars (functional currency).

(r) Compound instruments

The component parts of compound instruments (convertible notes) issued by the Company are classified separately as financial liabilities in accordance with the substance of the contractual arrangements and the definitions of a financial liability. At the date of issue, the fair value of the liability component is estimated using the actual interest rate. This amount is recorded as a financial liability through profit or loss.

1 Summary of significant accounting policies (cont'd)

(s) Critical Accounting Judgements and Estimates

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

(i) Estimation of useful lives

The estimation of useful lives of assets has been based on historical experience for plant and equipment. In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life.

(ii) Impairment of Intangible assets

Determining whether intangible assets are impaired requires an estimation of the value in use of the cash-generating units to which the intangible asset has been allocated. The value in use calculation requires the Directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of intangible assets in the Statement of Financial Position at the end of the respective financial years for the Company is detailed in note 7 with no impairment loss being recognised.

(iii) Share-based payment transactions

Equity-settled share-based payments to employees and others providing similar services are measured at fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity- settled transactions are set out in Note 15.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods and services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any change in fair value recognised in the profit or loss for the year.

(iv) Fair value measurement

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. The Board of Directors of the Company and the Chief Executive Officer determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Company uses market - observable data to the extent it is available. Where these inputs are not available, the Company engages third party qualified valuers to perform the valuation. The Chief Executive Officer works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

1 Summary of significant accounting policies (cont'd)

(s) Critical Accounting Judgements and Estimates (cont'd)

(iv) Fair value measurement (cont'd)

The Chief Executive Officer reports the findings to the board of Directors of the Company to explain the cause of fluctuations in the fair value of the assets and liabilities.

(v) New Accounting Standards for Application in Future Periods

New and revised AASBs affecting amounts reported and/or disclosures in the financial statements

In the current year, the Company has applied a number of amendments to AASBs and a new Interpretation issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2016, and therefore relevant for the current year end.

The application of these amendments does not have any material impact on the disclosures or on the amounts recognised in the Company's financial statements

Standards affecting presentation and disclosure

AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'	Amends AASB 116 Property, Plant and Equipment and AASB 138 Intangible Assets to provide additional guidance on how the depreciation or amortisation of property, plant and equipment and intangible assets should be calculated. The amendments to AASB 116 explain that a depreciation method applied to property, plant and equipment that is based on revenue that is generated by an activity that includes the use of the asset is not appropriate. The amendments to AASB 138 introduce a rebuttable presumption that an amortisation method for an intangible asset that is based on the revenue generated by the activity that includes the use of the intangible asset is inappropriate, and provides guidance when the rebuttable presumption can be overcome.

1 Summary of significant accounting policies (cont'd)

(v) *New Accounting Standards for Application in Future Periods (cont'd)*

New and revised AASBs affecting amounts reported and/or disclosures in the financial statements (cont'd)

AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'	Amends AASB 101 Presentation of Financial Statements to provide clarification regarding the disclosure requirements in AASB 101, including narrow-focus amendments to address concerns about existing presentation and disclosure requirements and to ensure entities are able to use judgements when applying a Standard in determining what information to disclose in their financial statements. The amendments provide additional guidance in the following areas: • **Materiality**. The amendments clarify that (1) information should not be obscured by aggregating or by providing immaterial information (2) materiality considerations apply to the all parts of the financial statements and (3) even when a standard requires a specific disclosure, materiality considerations still apply, i.e. a specific disclosure is not required to be included in the financial report if it is not material to the entity • **Statement of financial position and statement of profit or loss and other comprehensive income**. The amendments (1) introduce a clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and (2) clarify that an entity's share of other comprehensive income (OCI) of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss • **Notes.** The amendments add additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes rather than being presented in the order previously included in AASB 101.

The application of these amendments does not have any material impact on the disclosures or the amounts recognised in the financial statements.

Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

Standard/Interpretation	**Effective for annual reporting periods beginning on or after**	**Expected to be initially applied in the financial year ending**
AASB 15 'Revenue from Contracts with Customers', AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15', AASB 2015-8 'Amendments to Australian Accounting Standards – Effective date of AASB 15'and AASB 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15	1 January 2018	31 December 2018
AASB 2016-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107'	1 January 2017	31 December 2017
AASB 9 : 'Financial Instruments', and the relevant amending standards	1 January 2018	31 December 2018
AASB 16 'Leases'	1 January 2019	31 December 2019

The potential effect of the revised Standards/Interpretations on the Company's financial statements has not yet been determined.

	FY2016 $	FY2015 $	FY2014 $

2. Loss for the Year

(a) Expenses

	FY2016	FY2015	FY2014
Depreciation and amortisation expense	524,549	171,336	3,507
Finance costs	-	65,044	-
Remuneration of auditor			
Audit of financial report	26,027	9,402	6,766

The auditor of the Company for the above three years is Deloitte Touche Tohmatsu.

(b) Employee benefit expenses

	FY2016	FY2015	FY2014
Share-based payment expense	8,487	-	-
Salaries and wages	2,794,308	1,016,616	202,184
Other employee benefits	188,859	34,666	5,704
Total employee benefits expense	2,991,654	1,051,282	207,888

3. Cash and Cash Equivalents

	FY2016	FY2015	FY2014
Cash at bank	14,115, 349	8,591,717	760,066
Total cash and cash equivalents	14,115,349	8,591,717	760,066

4. Trade and other receivables

	FY2016	FY2015	FY2014
CURRENT			
Trade receivables	2,480,807	315,613	36,884
Other receivables	261,866	-	-
Total trade and other receivables	2,742,673	315,613	36,884

5. Other assets

	FY2016	FY2015	FY2014
CURRENT			
Prepaid expenses	93,810	31	4,500
Security deposits	286,269	310,259	4,500
Total other assets	380,079	310,290	9,000

Credible Labs Inc

BAN 0487439

Notes to the Financial Statements

For the financial years ended 31 December 2016, 31 December 2015 and 31 December 2014

	FY2016	FY2015	FY2014
	$	$	$
6. Property, plant and equipment			
Office equipment			
At cost	79,015	22,741	-
Accumulated depreciation	(23,592)	(4,586)	-
Total office equipment	55,423	18,155	-
Computer equipment			
At cost	65,095	-	-
Accumulated depreciation	(8,167)	-	-
Total computer equipment	56,928	-	-
Total property, plant and equipment	**112,351**	**18,155**	**-**
7. Intangible assets			
Domain name			
At cost	45,000	45,000	45,000
Accumulated amortisation	(12,000)	(9,000)	(6,000)
Total Domain name	33,000	36,000	39,000
Software development			
At cost	2,603,327	1,138,879	281,347
Accumulated amortisation	(656,193)	(162,783)	-
Total software development	1,947,134	976,096	281,347
Trademarks			
At cost	3,840	3,840	3,540
Accumulated amortisation	(913)	(657)	(401)
Total trademarks	2,927	3,183	3,139
Intellectual property			
At cost	10,664	10,664	4,060
Accumulated amortisation	(1,964)	(1,253)	(542)
Total Intellectual property	8,700	9,411	3,518
Total intangible assets	**1,991,761**	**1,024,690**	**327,004**

8. Trade and other payables

	FY2016 $	FY2015 $	FY2014 $
CURRENT			
Unsecured liabilities			
Trade payables	593,826	98,444	25,572
Other payables	318,977	132,809	3,978
	912,803	231,253	29,550

9. Borrowings

NON-CURRENT			
Convertible note	10,000,000	-	1,812,000
Total	10,000,000	-	1,812,000

31 December 2016
In December 2016, $10,000,000 of convertible notes were issued to 32 investors, each under the same series and terms and conditions. These convertible notes have a maturity date of 31 December 2018. However, a requisite majority of noteholders may extend beyond this date. On maturity, the principal and accrued interest will be converted into New Preferred Stock similar to the existing Series A Stock.

31 December 2015 and 31 December 2014
Total convertible notes with a face value of $5,735,000 issued in FY2013, FY2014 and FY2015 (under four convertible note series) were converted into equity in FY2015. The noteholders accrued interest of 2% per annum from starting date until conversion.

These convertible notes are classified as a financial liability and recorded at fair value.

10. Issued Capital

4,797,883 Ordinary shares (FY2015: 4,797,883, FY2014: 4,000,000)	1,503,565	1,503,565	4,000
2,532,272 Preference shares (FY2015: 2,532,272, FY2014: 400,000)	11,102,951	11,102,951	60
421,717 Restricted share purchases (FY2015: 438,944, FY2014: 449,428)	4,500	5,823	2,223
	12,611,016	12,612,339	6,283

10. Issued Capital (Cont'd)

	FY2016		FY2015		FY2014	
	Number of shares	Value $USD	Number of shares	Value $USD	Number of shares	Value $USD
Fully paid ordinary shares						
Balance at beginning of the financial year	4,797,883	1,503,565	4,000,000	4,000	4,000,000	4,000
Issue of new shares	-	-	-	-	-	-
Conversion of convertible notes	-	-	797,883	1,499,565	-	-
Repurchase of shares	-	-	-	-	-	-
Subscription receivable	-	-	-	-	-	-
Balance at the end of the year	**4,797,833**	**1,503,565**	**4,797,883**	**1,503,565**	**4,000,000**	**4,000**
Preferred stock						
Balance at beginning of the financial year	2,532,272	11,102,951	400,000	60	400,000	500
Issue of new shares	-	-	1,142,100	6,749,971	-	-
Conversion of convertible notes	-	-	990,172	4,352,480	-	
Repurchase of shares	-	-	-	-	-	-
Subscription receivable	-	-	-	440	-	(440)
Balance at the end of the year	**2,532,272**	**11,102,951**	**2,532,272**	**11,102,951**	**400,000**	**60**
Restricted shares						
Balance at beginning of the financial year	438,944	5,823	449,428	2,223	445,720	446
Issue of new shares	-	-	64,958	6,496	219,088	2,191
Conversion of convertible notes	-	-	-	-	-	-
Repurchase of shares	(17,227)	(1,323)	(75,442)	(3,007)	(215,380)	(303)
Subscription receivable	-	-	-	111	-	(111)
Balance at the end of the year	**421,717**	**4,500**	**438,944**	**5,823**	**449,428**	**2,223**

Ordinary Shares- Common Stock
Ordinary shares participate in dividends, but not before the full payment of dividends to all Preferred Stock shareholders, and the proceeds on winding up 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.

Restricted shares:

Restricted Share Units (RSU) relate to shares issued to employees, directors, consultants and advisors of the Company. These were issued at a share price based on the discretion of the Board of Directors at the time of issuance. The RSU's were issued in exchange for services provided by such employees, directors, consultants and advisors and were issued as restricted units of Common Stock of the Company.

11. Lease commitments

(a) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements:

	FY2016	FY2015	FY2014
	$	$	$
Payable - minimum lease payments:			
- not later than 12 months	818,439	884,415	-
- between 12 months and 5 years	29,983	848,422	-
	848,422	1,732,837	-

Operating leases represent rental on premises used by the Company. Rental amounts are subject to increases upon the anniversary date of each lease.

12. Events After the End of the Reporting Period

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

13. Contingent Liabilities and Contingent Assets

The Company has no contingent liabilities as at 31 December 2016.

14. Cash flow statement

(a) Reconciliation of Cash Flow from Operations with Loss after Income Tax

	FY2016	FY2015	FY2014
	$	$	$
Loss for the year	(1,606,966)	(1,868,248)	(593,584)
Non-cash flows in profit			
Depreciation and amortisation expense	524,549	171,336	3,507
Finance costs	-	65,044	-
Changes in assets and liabilities			
(Increase) / decrease in assets:			
Trade and term receivables	(2,327,060)	(278,729)	(36,429)
Other assets	(69,791)	(301,290)	(9,000)
Increase/(decrease) in liabilities:			
Share-based payments reserve	8,487	-	-
Trade payables and accruals	681,550	201,703	29,550
Cash flow used in operating activities	(2,789,231)	(2,010,184)	(605,956)

15. Share-based payments

Credible Labs Inc. has a share-based compensation plan under which share options are granted to employees with exercise prices equal to market prices of the underlying shares on the date of grant. Grants are approved by the Board of Directors.

The following reconciles the outstanding share options granted under the employee share option plan at the beginning and end of the year:

	FY2016		FY2015		FY2014	
	Number of options	Weighted average exercise price $USD	Number of options	Weighted average exercise price $USD	Number of options	Weighted average exercise price $USD
Balance at the beginning of the year	-	-	-	-	-	-
Granted during the year	109,553	1.25	-	-	-	-
Forfeited during the year	(55,380)	1.25	-	-	-	-
Exercised during the year	-	-	-	-	-	-
Transferred in during the year	-	-	-	-	-	-
Balance at the end of the year	54,173	1.25	-	-	-	-
Exercisable at the end of the year	8,572	1.25	-	-	-	-

15. Share-based payment (Cont'd)

(i) No options were exercised during the year FY2016, FY2015 and FY2014.

(ii) Balance at the end of the financial year:
The share options outstanding at the end of FY2016 had an exercise price of US $1.25 and a weighted average contractual life of 9.2 years.

16. Key management personnel disclosures

Compensation

The aggregate compensation made to Directors and key management personnel is set below:

	FY2016 $	FY2015 $	FY2014 $
Salaries and wages	425,417	287,450	135,936
	425,417	**287,450**	**135,936**

17. Related party transactions

Key management personnel
Disclosures relating to key management personnel are set out in note 16.

Loans from a related party
The Company has a loan payable of $Nil with one of its Directors as at the end of FY2016 (FY2015: $Nil, FY2014: $52,000).

Credible Labs Inc

BAN 0487439

Notes to the Financial Statements

For the financial years ended 31 December 2016, 31 December 2015 and 31 December 2014

Directors Declaration

As detailed in Note 1 to the financial statements, the Company is not a reporting entity because in the opinion of the Directors there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. Accordingly, this financial report has been prepared to satisfy the Directors' reporting requirements to the members.

The Directors declare that:

(a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

(b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the accounting policies set out in Note 1, including compliance with accounting standards and give a true and fair view of the financial position and performance of the Company.

Signed in accordance with a resolution of the Board of Directors.

Stephen Dash
Founder and CEO
San Francisco, 29 August 2017

Deloitte.

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Independent Auditor's Report to the members of Credible Labs Inc.

Opinion

We have audited the financial report of Credible Labs Inc. (the "Entity") which comprises the statement of financial position as at 31 December 2016, 31 December 2015 and 31 December 2014, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the declaration by the Board of Directors for the financial years ended 31 December 2016, 31 December 2015 and 31 December 2014 as set out on pages 3 to 22.

In our opinion, the accompanying financial report presents fairly, in all material respects, the Entity's financial position as at 31 December 2016, 31 December 2015 and 31 December 2014 and its financial performance and its cash flows for the financial years ended 31 December 2016, 31 December 2015 and 31 December 2014 in accordance with the Australian Accounting Standards.

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 ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting and Restriction on Distribution and Use

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist the Entity to meet the financial reporting requirements of Australian Accounting Standards. As a result, the financial report may not be suitable for another purpose. Our report is intended solely for the Board of Directors and should not be distributed or used by parties other than the Board of Directors. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the Director's Report for the years ended 31 December 2016, 31 December 2015 and 31 December 2014, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and 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.

Deloitte.

In preparing the financial report, management is 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 management either intend to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Board of Directors are responsible for overseeing the Entity's financial reporting process.

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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

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

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Joshua Tanchel
Partner
Chartered Accountants
Sydney, 29 August 2017