

Simble Solutions Limited and its controlled entities

(Formerly known as Simble Solutions Pty Ltd)

ABN 17 608 419 656

Annual Report - 31 December 2016

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The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Simble Solutions Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the period ended 31 December 2016.

Directors

The following persons were directors of Simble Solutions Limited during the whole of the financial period and up to the date of this report, unless otherwise stated:

David Lawrence Astill
Fadi Geha
Phillip Said Shamieh
Justin Michael Dibb

Appointed 17 August 2016
Appointed 14 September 2016
Resigned 1 August 2016

Principal activities

During the financial period, the principal continuing activities of the Group consisted of building technology applications for businesses and individuals that assist with simplifying operations and scalability.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial period.

Review of operations

The period completed marked a significant change in the Company structure following its acquisition of entities controlled by Incipient Capital Limited and its acquisition of the Acresta Sub-Group.

The Incipient Capital Limited transaction took place during July 2016. The Simble Group undertook a reorganisation whereby 100% of the share capital in each of Simble Solutions IP Pty Limited, Simble Holdings (Hong Kong) Ltd and Incipient IT (Vietnam) Company Ltd was transferred to Simble Solutions Limited.

The Acresta Sub-Group transaction took place on 1 September 2016. Simble Solutions Limited acquired 100% of the share capital of Simble Mobility Pty Ltd, Simble Energy Pty Ltd, Acresta Innovations Pty Ltd, Simble Solutions (NZ) Limited, Acresta Digital Pty Limited and Simble Solutions (UK) Limited (jointly the Acresta Sub-Group).

Together, these transactions introduced to the Group domestic and offshore Research and Development capability, a portfolio of yet to be commercialised intellectual property, and a subscription based revenue stream supported by a roster of enterprise software as a service customers in Australia, New Zealand, South East Asia, and the UK. The introduction of this revenue stream generated revenue for the period of \$595,132 (30 June 2016: \$nil). The loss for the Group after providing for income tax amounted to \$1,660,422 (30 June 2016: \$1,069,160).

Significant changes in the state of affairs

The Company intends to make an Initial Public Offer ('IPO') on the Australian Securities Exchange ('ASX') in or around December 2017, and a due diligence process is underway. As a consequence, on 26 October 2016, the Company converted from a proprietary company to an unlisted public company, limited by shares. Accordingly, on this date, the Company's name was changed from Simble Solutions Pty Ltd to Simble Solutions Limited.

There were no other significant changes in the state of affairs of the Group during the financial period.

Matters subsequent to the end of the financial period

Since the period end, a further \$1,790,148 was raised from the issue of additional convertible notes.

The Group is advanced in plans to raise additional capital to support its business plans by undertaking an Initial Public Offering ('IPO') on the Australian Securities Exchange ('ASX'), which is scheduled to take place in or around December 2017.

No other matter or circumstance has arisen since 31 December 2016 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely developments and expected results of operations

Integration of entities acquired from the Incipient Capital Limited and Acresta Sub-Group transactions is expected to remain a focus for the business. As part of the integration process, Simble is undertaking a strategic review of each of these entities, hence we do not consider historic financial results to be an accurate indicator of the Company's future financial performance.

Environmental regulation

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors

Name:	David Lawrence Astill
Title:	Non-Executive Director
Experience and expertise:	David is a Legal Practitioner Director of the Astill Legal Group which has been in operation for over forty years and retains active panel appointments with major banks and corporations in Australia. During the last ten years David has built a Corporate Advisory and Governance practice and has provided advice on strategic matters, project planning and management for major transactions. David's experience extends to capital markets, mergers and acquisitions and corporate restructuring, and he has acted on transactions and capital raisings (equity and debt) across various sectors for many listed and unlisted companies in Australia. David has range of clientele ranging from banking and financial institutions, mortgage trusts, property and development corporations, and individuals who he advises in relation to a wide range of commercial and corporate issues and shareholder contests (including managing related litigation). David is admitted as a solicitor of the Supreme Court of Queensland and High Court of Australia and he obtained his Bachelor of Laws from the Queensland University of Technology. He is also a member of the Australian Institute of Company Directors. David is a Member of the Remuneration and Nomination Committee and Audit and Risk Committee.
Name:	Fadi Geha
Title:	Chief Executive Officer
Experience and expertise:	Fadi is an engineer with over 25 years experience in enterprise software sales, consulting, and IT mergers and acquisitions ('M&A'). He is the founder of Acresta (now part of Simble) and has served as its CEO for the past seven years. Fadi has held senior management positions with SAP Australia and Accenture. From 2003-2006 he served as Vice President Asia Pacific and Director at Viewlocity Technologies and led Viewlocity's expansion into the Asian region including the acquisition of key clients in Japan, Korea, and South East Asia which resulted in Viewlocity being named top IBM partner in Australia for SaaS offerings in 2005. In 2006, Fadi facilitated the M&A activity that resulted in the acquisition of Viewlocity Inc by Supply Chain Consulting. Fadi joined the executive team at Supply Chain Consulting and in 2009 Fujitsu Australia acquired Supply Chain Consulting for \$48 million. Fadi holds a Bachelor of Civil Engineering from the University of Sydney. He is also a Director of Sustainable Business Australia – Australia's leading business think tank and advocacy group promoting commercial solutions to environmental challenges.

Name: Phillip Said Shamieh
Title: Executive Commercial Director
Experience and expertise: Phillip is a seasoned senior level executive with 20 years of experience in research, operations, financial management and reporting, business development and strategy, merger and acquisitions. Phillip has been the Founding Director and Chief Financial Officer of Allied Resources Limited since 2011, a diversified mining company that holds assets in Africa. He was previously the Managing Director and Head of Natural Resources for Clarksons Investment Services, a subsidiary of the world's largest integrated supplier of shipping services, Clarksons plc. Phillip has also been involved with TFS Corporation (ASX: TFC), an ASX 300 listed company, for a period of seven years in various capacities including strategic advisor, CEO and director of their subsidiary, Gulf Natural Supply. At TFS he was instrumental in helping restructure their balance sheet, which included a successful US\$150 million Senior Secured note and has secured more than US\$350 million from global institutional investors for Australia's largest privately funded irrigation project. Phillip was also the founding director and shareholder of Incipient Holdings Limited, a boutique merchant-banking firm with investments spanning technology, telecommunications, financial services, mining and petroleum across Africa, Asia and Australia. He holds a Bachelors of Commerce Degree and a Postgraduate Degree in Applied Finance and Investments from the Securities Institute of Australia. Phillip has raised and advised on over \$2 billion worth of equity, debt and convertible transactions in his career.

Company secretaries

David Lawrence Astill and Fadi Geha are joint company secretaries. Refer above to 'Information on directors' for details of their experience and expertise.

Meetings of directors

The number of meetings of the Company's Board of Directors ('the Board') held during the period ended 31 December 2016, and the number of meetings attended by each director were:

	Full Board Attended	Held
David Lawrence Astill	5	5
Fadi Geha	5	5
Phillip Said Shamieh	5	5
Justin Michael Dibb	3	3

Held: represents the number of meetings held during the time the director held office.

Indemnity and insurance of officers

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial period, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

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

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

Proceedings on behalf of the Company

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

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 immediately after this directors' report.

Auditor

Deloitte Touche Tohmatsu continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in dark ink, appearing to read 'Fadi Geha', with a horizontal line drawn underneath it.

Fadi Geha
Director

6 December 2017
Sydney

The Directors
Simble Solutions Limited
Level 12, 6-10 O'Connell Street
Sydney NSW 2000

6 December 2017

Dear Board Members


Simble Solutions Limited

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

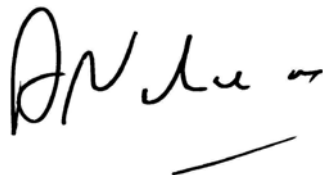
As lead audit partner for the audit of the financial statements of Simble Solutions Limited for the financial period ended 31 December 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Alfred Nehama
Partner
Chartered Accountants

Simble Solutions Limited and its controlled entities
Statement of profit or loss and other comprehensive income
For the period ended 31 December 2016



		Consolidated	Period from	Period from
			1 Jul 2016	24 Sep 2015
			to 31 Dec	to 30 Jun
	Note		2016	2016
			\$	\$
Revenue	5	595,132	-	-
Other income	6	158,622	-	-
Expenses				
Cost of sales		(205,954)	-	-
Marketing		(162,550)	(87,076)	(87,076)
Administration	7	(1,900,171)	(759,198)	(759,198)
Research and development		-	(212,657)	(212,657)
Other expenses		(89,856)	-	-
Finance costs	7	(69,450)	(10,229)	(10,229)
Loss before income tax benefit		(1,674,227)	(1,069,160)	(1,069,160)
Income tax benefit	8	13,805	-	-
Loss after income tax benefit for the period attributable to the owners of Simble Solutions Limited		(1,660,422)	(1,069,160)	(1,069,160)
Other comprehensive income				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Foreign currency translation		(14,990)	(28)	(28)
Other comprehensive income for the period, net of tax		(14,990)	(28)	(28)
Total comprehensive income for the period attributable to the owners of Simble Solutions Limited		<u>(1,675,412)</u>	<u>(1,069,188)</u>	<u>(1,069,188)</u>
		Cents	Cents	
Basic earnings per share	38	(7.72)	(7.45)	(7.45)
Diluted earnings per share	38	(7.72)	(7.45)	(7.45)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

		Consolidated	
	Note	31 Dec 2016 \$	30 Jun 2016 \$
Assets			
Current assets			
Cash and cash equivalents	9	275,064	11,432
Trade and other receivables	10	721,858	134,808
Loans receivable from related parties	11	19,691	80,541
Other	12	693,854	1,799
Total current assets		<u>1,710,467</u>	<u>228,580</u>
Non-current assets			
Available-for-sale financial assets	13	38,059	-
Property, plant and equipment	14	73,075	772
Intangibles	15	4,711,483	-
Deferred tax	8	19,220	-
Total non-current assets		<u>4,841,837</u>	<u>772</u>
Total assets		<u>6,552,304</u>	<u>229,352</u>
Liabilities			
Current liabilities			
Trade and other payables	16	1,181,951	105,750
Borrowings	17	-	1,034,794
Other financial liabilities	18	1,880,729	-
Income tax	8	146,849	-
Provisions	19	174,738	-
Deferred revenue	20	942,438	-
Accrued expenses	21	210,039	157,995
Total current liabilities		<u>4,536,744</u>	<u>1,298,539</u>
Non-current liabilities			
Deferred tax	8	235,200	-
Provisions	22	74,024	-
Total non-current liabilities		<u>309,224</u>	<u>-</u>
Total liabilities		<u>4,845,968</u>	<u>1,298,539</u>
Net assets/(liabilities)		<u>1,706,336</u>	<u>(1,069,187)</u>
Equity			
Issued capital	23	100	1
Shares to be issued	24	4,200,000	-
Common control reserve	25	250,836	-
Foreign currency translation reserve		(15,018)	(28)
Accumulated losses		<u>(2,729,582)</u>	<u>(1,069,160)</u>
Total equity/(deficiency)		<u>1,706,336</u>	<u>(1,069,187)</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Simble Solutions Limited and its controlled entities
Statement of changes in equity
For the period ended 31 December 2016



Consolidated	Issued capital \$	Shares to be issued \$	Common control reserve \$	Foreign currency translation reserve \$	Accumulated losses \$	Total deficiency in equity \$
Balance at 24 September 2015	-	-	-	-	-	-
Loss after income tax expense for the period	-	-	-	-	(1,069,160)	(1,069,160)
Other comprehensive income for the period, net of tax	-	-	-	(28)	-	(28)
Total comprehensive income for the period	-	-	-	(28)	(1,069,160)	(1,069,188)
<i>Transactions with owners in their capacity as owners:</i>						
Contributions of equity, net of transaction costs (note 23)	1	-	-	-	-	1
Balance at 30 June 2016	<u>1</u>	<u>-</u>	<u>-</u>	<u>(28)</u>	<u>(1,069,160)</u>	<u>(1,069,187)</u>

Consolidated	Issued capital \$	Shares to be issued \$	Common control reserve \$	Foreign currency translation reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2016	1	-	-	(28)	(1,069,160)	(1,069,187)
Loss after income tax benefit for the period	-	-	-	-	(1,660,422)	(1,660,422)
Other comprehensive income for the period, net of tax	-	-	-	(14,990)	-	(14,990)
Total comprehensive income for the period	-	-	-	(14,990)	(1,660,422)	(1,675,412)
<i>Transactions with owners in their capacity as owners:</i>						
Contributions of equity, net of transaction costs (note 23)	99	-	-	-	-	99
Shares to be issued (note 24)	-	4,200,000	-	-	-	4,200,000
Common control transaction (note 25)	-	-	250,836	-	-	250,836
Balance at 31 December 2016	<u>100</u>	<u>4,200,000</u>	<u>250,836</u>	<u>(15,018)</u>	<u>(2,729,582)</u>	<u>1,706,336</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Simble Solutions Limited and its controlled entities
Statement of cash flows
For the period ended 31 December 2016



		Consolidated	
		Period from	Period from
		1 Jul 2016	24 Sep 2015
		to 31 Dec	to 30 Jun
		2016	2016
	Note	\$	\$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		374,846	-
Payments to suppliers and employees (inclusive of GST)		(1,486,012)	(803,737)
		(1,111,166)	(803,737)
Interest received		7	-
Research and development recovered		158,622	-
Interest and other finance costs paid		(69,450)	(10,229)
Income taxes paid		(5,810)	-
Net cash used in operating activities	37	(1,027,797)	(813,966)
Cash flows from investing activities			
Cash acquired on acquisition of businesses	35	220,447	-
Payments for investments	13	(55,875)	-
Payments for property, plant and equipment	14	(134,043)	(772)
Payments for intangibles	15	(542,472)	-
Payments for security deposits		(70,750)	-
Proceeds from disposal of investments		8,284	-
Net cash used in investing activities		(574,409)	(772)
Cash flows from financing activities			
Proceeds from issue of shares	23	99	1
Proceeds from borrowings		-	826,169
Proceeds from issue of convertible notes		1,880,729	-
Net cash from financing activities		1,880,828	826,170
Net increase in cash and cash equivalents		278,622	11,432
Cash and cash equivalents at the beginning of the financial period		11,432	-
Effects of exchange rate changes on cash and cash equivalents		(14,990)	-
Cash and cash equivalents at the end of the financial period	9	<u>275,064</u>	<u>11,432</u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover Simble Solutions Limited as a Group consisting of Simble Solutions Limited and the entities it controlled at the end of, or during, the period. The financial statements are presented in Australian dollars, which is Simble Solutions Limited's functional and presentation currency.

Simble Solutions Limited is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 12
6-10 O'Connell Street
Sydney NSW 2000

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

Simble Solutions Limited changed its year end to 31 December 2016 from 30 June 2016 during the period to align with the Group entities reporting requirements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 6 December 2017. The directors have the power to amend and reissue the financial statements.

Comparatives

The Company was incorporated on 24 September 2015. Accordingly, comparatives are for the period from 24 September 2015 to 30 June 2016.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

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

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

Going concern

The Directors have prepared the financial report on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The statement of profit or loss and other comprehensive income for the six months ended 31 December 2016 reflects a consolidated Group loss of \$1,660,422 and the statement of financial position reflects an excess of current liabilities over current assets of \$2,826,277. The statement of cash flows reflects net cash outflows from operations of \$1,276,175.

Included in current liabilities are convertible notes amounting to \$1,880,729. Subsequent to the year end, the Company has raised a further \$1,790,148 by way of convertible notes.

The Group intends to make an Initial Public Offer (IPO) of shares in around December 2017, and to list its shares on the Australian Securities Exchange.

The Company expects to raise capital of at least \$5,000,000 under the IPO. In addition, all the convertible notes will convert to equity on the occurrence of the IPO.

The Directors have reviewed the profit and loss and cash flow budget through to December 2018. The forecast indicates that the Group will operate at or near a net profit before depreciation, tax, depreciation and amortisation during this period.

If the Group is unable to generate sufficient cash flows from operations and to successfully raise the minimum capital under the IPO, then significant uncertainty would exist as to whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business.

Note 2. Significant accounting policies (continued)

The financial statements do not include adjustments relating to the recoverability and classification of recorded asset amount nor to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 34.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Simble Solutions Limited ('Company' or 'parent entity') as at 31 December 2016 and the results of all subsidiaries for the period then ended. Simble Solutions Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation

The financial statements are presented in Australian dollars, which is Simble Solutions Limited's functional and presentation currency.

Note 2. Significant accounting policies (continued)

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition

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

Rendering of services

Revenue from the rendering of services is recognised on a straight-line basis over the period that services are provided.

Consulting revenue is recognised by reference to completion of deliverables.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

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

Research and development tax refund

The consolidated entity has adopted the income approach to accounting for research and development tax offsets pursuant to AASB 120 'Accounting for Government Grant and Disclosure of Government Assistance' whereby the incentive is recognised in profit or loss on a systematic basis over the periods in which the consolidated entity recognises the eligible expenses.

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.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

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

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Note 2. Significant accounting policies (continued)

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification

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

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

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

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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 Group 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. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

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

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Note 2. Significant accounting policies (continued)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets, principally equity securities, that are either designated as available-for-sale or not classified as any other category. After initial recognition, fair value movements are recognised in other comprehensive income through the available-for-sale reserve in equity. Cumulative gain or loss previously reported in the available-for-sale reserve is recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for loans and receivables carried at amortised cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. If there is a reversal of impairment, the reversal cannot exceed the amortised cost that would have been recognised had the impairment not been made and is reversed to profit or loss.

Available-for-sale financial assets are considered impaired when there has been a significant or prolonged decline in value below initial cost. Subsequent increments in value are recognised in other comprehensive income through the available-for-sale reserve.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Leasehold improvements	Over the period of the lease
Computer equipment	1 to 2 years
Office equipment	2 to 10 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Note 2. Significant accounting policies (continued)

Customer contracts

Customer contracts acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

Software

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

Research and development costs

Research expenditure is recognised as an expense when incurred.

An internally generated intangible asset arising from development is recognised if, and only if, it can be demonstrated that:

- (i) the technical feasibility of completing the intangible asset so that it will be available for use;
- (ii) the intangible asset will generate probably future economic benefits; and
- (iii) there is an ability to measure reliably the expenditure attributable to the intangible assets during its development.

Development costs in respect of enhancements on existing suites of software applications are capitalised and written off over five years.

At each balance date, a review of the carrying value of the capitalised development cost carried forward is undertaken to ensure the carrying amount is recoverable from future revenue generated from the sale of that software.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial period and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits

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

Note 2. Significant accounting policies (continued)

Other long-term employee benefits

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

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.

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Earnings per share

Basic earnings per share

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

Note 2. Significant accounting policies (continued)

Diluted earnings per share

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

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 31 December 2016. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. The Group will adopt this standard from 1 January 2018 but the impact of its adoption is yet to be assessed by the Group.

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Group will adopt this standard from 1 January 2018 but the impact of its adoption is yet to be assessed by the Group.

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The Group will adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed by the Group.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Goodwill and other indefinite life intangible assets

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows (refer note 15).

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Business combinations

As discussed in note 2, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the Group taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported (refer note 35).

Capitalisation of development costs

The Group has adopted a policy for capitalising development costs only for products for which an assessment is made that the product is technically feasible and will generate defined economic benefits for the Group going forward. The capitalised costs are subsequently amortised over the expected useful life of the product, which is estimated to be 5 years (refer note 15).

Note 4. Operating segments

Identification of reportable operating segments

The Group operates in one segment, based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

As a result, the operating segment information is disclosed in the statement and notes to the financial statements.

Note 5. Revenue

	Consolidated Period from 1 Jul 2016 to 31 Dec 2016 \$	Consolidated Period from 24 Sep 2015 to 30 Jun 2016 \$
<i>Sales revenue</i>		
Rendering of services	517,213	-
<i>Other revenue</i>		
Interest	7	-
Rent	35,525	-
Other revenue	42,387	-
	<u>77,919</u>	<u>-</u>
Revenue	<u><u>595,132</u></u>	<u><u>-</u></u>

Note 6. Other income

	Consolidated Period from 1 Jul 2016 to 31 Dec 2016 \$	Consolidated Period from 24 Sep 2015 to 30 Jun 2016 \$
Research and development tax offset	158,622	-

Note 7. Expenses

	Consolidated Period from 1 Jul 2016 to 31 Dec 2016 \$	Consolidated Period from 24 Sep 2015 to 30 Jun 2016 \$
Loss before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Leasehold improvements	1,119	-
Motor vehicles	56,957	-
Computer equipment	9,435	-
Office equipment	4,987	-
Total depreciation	72,498	-
<i>Amortisation</i>		
Customer relationships	56,000	-
Software development	304,559	-
Total amortisation	360,559	-
Total depreciation and amortisation	433,057	-
<i>Finance costs</i>		
Interest and finance charges paid/payable	69,450	10,229
<i>Administration</i>		
Minimum lease payments	159,348	95,295
Employee benefits expense	683,385	191,114
Superannuation	78,009	12,085
Initial Public Offering expenses	403,355	-
Other	576,074	460,704
Total administration	1,900,171	759,198

Note 8. Income tax

	Consolidated Period from 1 Jul 2016 to 31 Dec 2016 \$	Consolidated Period from 24 Sep 2015 to 30 Jun 2016 \$
<i>Income tax benefit</i>		
Current tax	2,995	-
Deferred tax - origination and reversal of temporary differences	(16,800)	-
Aggregate income tax benefit	<u>(13,805)</u>	<u>-</u>
Deferred tax included in income tax benefit comprises:		
Decrease in deferred tax liabilities	(16,800)	-
<i>Numerical reconciliation of income tax benefit and tax at the statutory rate</i>		
Loss before income tax benefit	(1,674,227)	(1,069,160)
Tax at the statutory tax rate of 30%	(502,268)	(320,748)
Current period tax losses not recognised	488,463	320,748
Income tax benefit	<u>(13,805)</u>	<u>-</u>
	Consolidated 31 Dec 2016 \$	Consolidated 30 Jun 2016 \$
<i>Deferred tax asset</i>		
Deferred tax asset comprises temporary differences attributable to:		
Transfer in on acquisition of Acresta Group	19,220	-
Deferred tax asset	<u>19,220</u>	<u>-</u>
Movements:		
Additions through business combinations (note 35)	<u>19,220</u>	<u>-</u>

Note 8. Income tax (continued)

	Consolidated	
	31 Dec 2016	30 Jun 2016
	\$	\$
<i>Deferred tax liability</i>		
Deferred tax liability comprises temporary differences attributable to:		
Customer relationship	235,200	-
Deferred tax liability	<u>235,200</u>	<u>-</u>
Amount expected to be settled within 12 months	63,000	-
Amount expected to be settled after more than 12 months	172,200	-
	<u>235,200</u>	<u>-</u>
Movements:		
Credited to profit or loss	(16,800)	-
Additions through business combinations (note 35)	252,000	-
Closing balance	<u>235,200</u>	<u>-</u>
	Consolidated	
	31 Dec 2016	30 Jun 2016
	\$	\$
<i>Provision for income tax</i>		
Provision for income tax (through business combinations)	<u>146,849</u>	<u>-</u>

Note 9. Current assets - cash and cash equivalents

	Consolidated	
	31 Dec 2016	30 Jun 2016
	\$	\$
Cash at bank	<u>275,064</u>	<u>11,432</u>

The above figures are reconciled to cash and cash equivalents at the end of the financial period in the statement of cash flows as shown above.

Note 10. Current assets - trade and other receivables

	Consolidated	
	31 Dec 2016	30 Jun 2016
	\$	\$
Trade receivables	402,017	-
Other receivables	4,455	6,724
Amounts receivable from related party, Simble Solutions (Hong Kong) Limited	-	128,084
Goods and services tax recoverable	15,097	-
Research and development tax offset recoverable	300,289	-
	<u>721,858</u>	<u>134,808</u>

Impairment of receivables

The Group has recognised a loss of \$9,411 (30 June 2016: \$nil) in profit or loss in respect of impairment of receivables for the period ended 31 December 2016.

Note 10. Current assets - trade and other receivables (continued)

Past due but not impaired

Customers with balances past due but without provision for impairment of receivables amount to \$132,233 as at 31 December 2016 (\$nil as at 30 June 2016).

The Group did not consider a credit risk on the aggregate balances after reviewing the credit terms of customers based on recent collection practices.

The ageing of the past due but not impaired receivables are as follows:

	Consolidated	
	31 Dec 2016	30 Jun 2016
	\$	\$
0 to 30 days overdue	49,597	-
30 to 60 days overdue	35,616	-
60 to 90 days overdue	44,792	-
Over 90 days overdue	2,228	-
	<u>132,233</u>	<u>-</u>

Note 11. Current assets - loans receivable from related parties

	Consolidated	
	31 Dec 2016	30 Jun 2016
	\$	\$
Incipient Capital Limited	-	80,541
Directors	19,691	-
	<u>19,691</u>	<u>80,541</u>

Note 12. Current assets - other

	Consolidated	
	31 Dec 2016	30 Jun 2016
	\$	\$
Prepayments	449,674	1,799
Security deposits	70,750	-
Other deposits	173,430	-
	<u>693,854</u>	<u>1,799</u>

Note 13. Non-current assets - available-for-sale financial assets

	Consolidated	
	31 Dec 2016	30 Jun 2016
	\$	\$
Listed investments	<u>38,059</u>	<u>-</u>
<i>Reconciliation</i>		
Reconciliation of the fair values at the beginning and end of the current and previous financial period are set out below:		
Opening fair value	-	-
Additions	55,875	-
Disposals	(8,284)	-
Impairment of assets	<u>(9,532)</u>	<u>-</u>
Closing fair value	<u>38,059</u>	<u>-</u>

Refer to note 28 for further information on fair value measurement.

Note 14. Non-current assets - property, plant and equipment

	Consolidated	
	31 Dec 2016	30 Jun 2016
	\$	\$
Leasehold improvements - at cost	48,087	-
Less: Accumulated depreciation	<u>(1,119)</u>	<u>-</u>
	<u>46,968</u>	<u>-</u>
Motor vehicles - at cost	56,957	-
Less: Accumulated depreciation	<u>(56,957)</u>	<u>-</u>
	<u>-</u>	<u>-</u>
Computer equipment - at cost	12,513	772
Less: Accumulated depreciation	<u>(9,435)</u>	<u>-</u>
	<u>3,078</u>	<u>772</u>
Office equipment - at cost	28,016	-
Less: Accumulated depreciation	<u>(4,987)</u>	<u>-</u>
	<u>23,029</u>	<u>-</u>
	<u>73,075</u>	<u>772</u>

Note 14. Non-current assets - property, plant and equipment (continued)

Reconciliations

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

Consolidated	Leasehold improvements \$	Motor vehicles \$	Computer equipment \$	Office equipment \$	Total \$
Balance at 24 September 2015	-	-	-	-	-
Additions	-	-	772	-	772
Balance at 30 June 2016	-	-	772	-	772
Additions	48,087	56,957	983	28,016	134,043
Additions through business combinations (note 35)	-	-	10,758	-	10,758
Depreciation expense	(1,119)	(56,957)	(9,435)	(4,987)	(72,498)
Balance at 31 December 2016	46,968	-	3,078	23,029	73,075

Note 15. Non-current assets - intangibles

	Consolidated 31 Dec 2016 \$	30 Jun 2016 \$
Goodwill - at cost	1,671,578	-
Trademarks - at cost	8,666	-
Customer relationships - at cost	840,000	-
Less: Accumulated amortisation	(56,000)	-
	784,000	-
Software development - at cost	2,551,798	-
Less: Accumulated amortisation	(304,559)	-
	2,247,239	-
	4,711,483	-

Reconciliations

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

Consolidated	Goodwill \$	Trademarks \$	Customer relationships \$	Software development \$	Total \$
Balance at 24 September 2015	-	-	-	-	-
Balance at 30 June 2016	-	-	-	-	-
Additions	-	8,666	-	533,806	542,472
Additions through business combinations (note 35)	1,671,578	-	840,000	2,017,992	4,529,570
Amortisation expense	-	-	(56,000)	(304,559)	(360,559)
Balance at 31 December 2016	1,671,578	8,666	784,000	2,247,239	4,711,483

Note 15. Non-current assets - intangibles (continued)

Impairment testing

Goodwill is allocated to the Group's one cash-generating unit, being building technology applications for businesses and individuals that assist with simplifying operations and scalability.

The recoverable amount is determined based on value-in-use calculations. These calculations use projections based on financial budgets approved by management covering the financial years 31 December 2017 and 31 December 2018.

Key assumptions used for value -in-use calculations:

	Consolidated	
	31 Dec 2016	30 Jun 2016
	%	%
Discount rate	16.5%	-
Terminal rate	2.5%	-

Reasonable changes in sensitivities will not cause impairment.

Note 16. Current liabilities - trade and other payables

	Consolidated	
	31 Dec 2016	30 Jun 2016
	\$	\$
Trade payables	765,957	59,760
Amounts payable to related parties	21,382	-
Other payables	394,612	45,990
	<u>1,181,951</u>	<u>105,750</u>

Refer to note 27 for further information on financial instruments.

Note 17. Current liabilities - borrowings

	Consolidated	
	31 Dec 2016	30 Jun 2016
	\$	\$
Payable to Simble Corporate Limited	-	813,306
Payable to Simble Holdings (Hong Kong) Limited	-	221,488
	<u>-</u>	<u>1,034,794</u>

Refer to note 27 for further information on financial instruments.

Note 18. Current liabilities - other financial liabilities

	Consolidated	
	31 Dec 2016	30 Jun 2016
	\$	\$
Convertible notes - at fair value	1,880,729	-

Refer to note 27 for further information on financial instruments.

Convertible notes – at fair value

During the period, the Company issued convertible notes.

The notes will be converted to shares in the Company or redeemed on 31 December 2017. The notes will be converted to ordinary shares as a result of the occurrence of a liquidity event, being a backdoor listing or initial public offering of the ordinary shares in the capital of the issuer. The convertible notes outstanding as of the balance date carry an interest rate of 14% and are due to mature 31 December 2017. None of the notes were redeemed as of the balance date as the proceeds were being utilised for working capital.

On a liquidity event, each convertible note will be converted at a 20% discount to face value.

Note 19. Current liabilities - provisions

	Consolidated	
	31 Dec 2016	30 Jun 2016
	\$	\$
Employee benefits	125,126	-
Deferred lease incentives	49,612	-
	174,738	-

Deferred lease incentives

The provision represents operating lease incentives received. The incentives are allocated to profit or loss in such a manner that the rent expense is recognised on a straight-line basis over the lease term.

Movements in provisions

Movements in each class of provision during the current financial period, other than employee benefits, are set out below:

	Deferred lease incentives \$
Consolidated - 31 Dec 2016	
Carrying amount at the start of the period	-
Additional provisions recognised	49,612
Carrying amount at the end of the period	49,612

Note 20. Current liabilities - deferred revenue

	Consolidated	
	31 Dec 2016	30 Jun 2016
	\$	\$
Deferred revenue	942,438	-

Note 21. Current liabilities - accrued expenses

	Consolidated 31 Dec 2016 \$	30 Jun 2016 \$
Accrued expenses	210,039	157,995

Note 22. Non-current liabilities - provisions

	Consolidated 31 Dec 2016 \$	30 Jun 2016 \$
Employee benefits	74,024	-

Note 23. Equity - issued capital

	31 Dec 2016 Shares	Consolidated 30 Jun 2016 Shares	31 Dec 2016 \$	30 Jun 2016 \$
Ordinary shares - fully paid	100	1	100	1

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Share issued on incorporation	24 September 2015	1	\$0.01	1
Balance	30 June 2016	1		1
Issue of shares	July 2016	99	\$1.00	99
Balance	31 December 2016	100		100

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial period.

Note 24. Equity - shares to be issued

	Consolidated	
	31 Dec 2016	30 Jun 2016
	\$	\$
Shares to be issued to vendors of Acresta Sub-Group (refer Note 35)	4,200,000	-

Note 25. Equity - common control reserve

	Consolidated	
	31 Dec 2016	30 Jun 2016
	\$	\$
Common control reserve	250,836	-

The common control reserve represents the excess of the book value of the net assets over the purchase price of the Simble Group entities acquired (refer Note 35). As this transaction involved entities under common control, the Directors have elected for the respective assets and liabilities of the companies acquired to be recognised at book value of these companies as at the date of acquisition.

Note 26. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial period.

Note 27. Financial instruments

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk to determine market risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk

The Group 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.

Price risk

The Group is not exposed to any significant price risk.

Interest rate risk

The Group's main interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the Group to interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk.

The Group is not exposed to any significant interest rate risk.

Note 27. Financial instruments (continued)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Group obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral.

The Group is not exposed to any significant credit risk.

Liquidity risk

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 31 Dec 2016	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	765,957	-	-	-	765,957
Other payables	-	394,612	-	-	-	394,612
Payable to related parties	-	21,382	-	-	-	21,382
<i>Interest-bearing - fixed rate</i>						
Convertible notes	14.00%	2,144,031	-	-	-	2,144,031
Total non-derivatives		3,325,982	-	-	-	3,325,982
Consolidated - 30 Jun 2016	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	59,760	-	-	-	59,760
Other payables	-	45,990	-	-	-	45,990
<i>Interest-bearing - variable</i>						
Payable to related entities	-	1,034,794	-	-	-	1,034,794
Total non-derivatives		1,140,544	-	-	-	1,140,544

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Note 28. Fair value measurement

Fair value hierarchy

The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

Consolidated - 31 Dec 2016	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Assets</i>				
Listed investments - available-for-sale	38,059	-	-	38,059
Total assets	38,059	-	-	38,059
<i>Liabilities</i>				
Convertible notes	-	-	1,880,729	1,880,729
Total liabilities	-	-	1,880,729	1,880,729

There were no transfers between levels during the financial period.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Valuation techniques for fair value measurements categorised within level 2 and level 3

Unquoted investments have been valued using a discounted cash flow model.

Level 3 assets and liabilities

Movements in level 3 assets and liabilities during the current and previous financial period are set out below:

Consolidated	Convertible notes \$
Balance at 24 September 2015	-
Balance at 30 June 2016	-
Additions	(1,880,729)
Balance at 31 December 2016	<u>(1,880,729)</u>

Note 29. Key management personnel disclosures

Compensation

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

	Consolidated Period from 1 Jul 2016 to 31 Dec 2016 \$	Consolidated Period from 24 Sep 2015 to 30 Jun 2016 \$
Short-term employee benefits	296,051	-
Post-employment benefits	15,898	-
	<u>311,949</u>	<u>-</u>

Note 30. Remuneration of auditors

During the financial period the following fees were paid or payable for services provided by Deloitte Touche Tohmatsu, the auditor of the Company:

	Consolidated Period from 1 Jul 2016 to 31 Dec 2016 \$	Consolidated Period from 24 Sep 2015 to 30 Jun 2016 \$
<i>Audit services - Deloitte Touche Tohmatsu</i>		
Audit or review of the financial statements	<u>42,000</u>	<u>30,000</u>
<i>Other services - Deloitte Touche Tohmatsu</i>		
Other services	<u>-</u>	<u>78,000</u>
	<u>42,000</u>	<u>108,000</u>

Note 31. Contingent liabilities

The Group has no contingent liabilities at 31 December 2016 and 30 June 2016.

Note 32. Commitments

	Consolidated 31 Dec 2016 \$	Consolidated 30 Jun 2016 \$
<i>Lease commitments - operating</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	361,872	-
One to five years	955,766	-
	<u>1,317,638</u>	<u>-</u>

Note 33. Related party transactions

Parent entity

Simble Solutions Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 36.

Key management personnel

Disclosures relating to key management personnel are set out in note 29.

Receivable from and payable to related parties

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

	Consolidated	
	31 Dec 2016	30 Jun 2016
	\$	\$
Current receivables:		
Receivable from related party, Simble Solutions (Hong Kong) Limited	-	128,084
Current payables:		
Payable to Alan Williams, former Blink partner and 10% shareholder in Acresta Group	21,382	-

Loans to/from related parties

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

	Consolidated	
	31 Dec 2016	30 Jun 2016
	\$	\$
Current receivables:		
Loans from related party, Incipient Capital Limited	-	80,541
Loans from related party, Directors	19,691	-
Current borrowings:		
Loan from related party, Simble Corporate Limited	-	813,306
Loan from related party, Simble Holdings (Hong Kong) Limited	-	221,488

Note 34. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	Period from 1 Jul 2016 to 31 Dec 2016 \$	Period from 24 Sep 2015 to 30 Jun 2016 \$
Loss after income tax	(532,982)	(591,828)
Total comprehensive income	(536,535)	(591,828)

Note 34. Parent entity information (continued)

Statement of financial position

	Parent 31 Dec 2016 \$	30 Jun 2016 \$
Total current assets	2,101,468	-
Total assets	6,366,331	2
Total current liabilities	3,220,569	591,828
Total liabilities	3,294,593	591,828
Equity		
Issued capital	100	1
Shares to be issued	4,200,000	-
Foreign currency translation reserve	(3,553)	-
Accumulated losses	(1,124,809)	(591,827)
Total equity/(deficiency)	<u>3,071,738</u>	<u>(591,826)</u>

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 31 December 2016 and 30 June 2016.

Contingent liabilities

The parent entity had no contingent liabilities as at 31 December 2016 and 30 June 2016.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 31 December 2016 and 30 June 2016.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 35. Business combinations

Acquisition of Simble Group entities

During July 2016, Simble Solutions Limited acquired 100% of the share capital in each of Simble Solutions IP Pty Limited, Simble Holdings (Hong Kong) Ltd and Incipient IT (Vietnam) Company Ltd for \$1 each. The shares in each of these entities were previously owned by Simble Corporate Limited, or its holding company, Incipient Capital Limited. Simble Solutions Limited was 100% owned by Simble Corporate Limited, and the transfer of shares was considered as a business combination of entities under common control. Accordingly, the directors elected for the respective assets and liabilities of the entities acquired to be recognised at book value as at the date of acquisition.

Acquisition of Acresta Sub-Group

On 1 September 2016, Simble Solutions Limited acquired 100% of the share capital of Simble Mobility Pty Ltd, Simble Energy Pty Ltd, Acresta Innovations Pty Ltd, Simble Solutions (NZ) Limited, Acresta Digital Pty Limited and Simble Solutions (UK) Limited (jointly the Acresta Sub-Group) for consideration to be settled by the issue of a number of shares that represent 43% interest of Simble Solutions Limited's issued capital at the time of the acquisition ('Completion Shares'). The Completion Shares will be issued at the time of the Initial Public Offering, but rank pari passu in all respects with the existing issued shares of the Company as at 1 September 2016.

Note 35. Business combinations (continued)

Goodwill of \$1,678,955 represents the residual value of the purchase price of the Acresta Sub-Group over the fair value of identifiable tangible and intangible assets acquired, and has been determined on a provisional basis.

Details of the acquisition are as follows:

	Acresta Sub-Group Fair value \$
Cash and cash equivalents	220,447
Trade and other receivables	443,658
Prepayments	562,116
Other current assets	458,438
Property, plant and equipment	10,758
Software development costs	2,017,992
Customer relationships	840,000
Deferred tax asset	19,220
Other non-current assets	7,377
Trade and other payables	(524,640)
Provision for income tax	(149,664)
Deferred tax liability	(252,000)
Employee benefits	(115,366)
Deferred revenue	(1,009,914)
Net assets acquired	2,528,422
Goodwill	1,671,578
Acquisition-date fair value of the total consideration transferred	<u>4,200,000</u>
Representing:	
Simble Solutions Limited shares issued to vendor	<u>4,200,000</u>
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	4,200,000
Less: cash and cash equivalents acquired	(220,447)
Less: shares to be issued by Company as part of consideration	<u>(4,200,000)</u>
Net cash received	<u>(220,447)</u>

Wise Owl Holdings Pty Limited

On 8 November 2016, Simble Solutions Limited acquired 100% interest in Wise Owl Holdings Pty Limited, a newly incorporated entity, for \$1.

Note 36. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest	
		31 Dec 2016 %	30 Jun 2016 %
Acresta Digital Pty Limited	Australia	100.00%	-
Acresta Innovations Pty Limited	Australia	100.00%	-
Incipient IT (Vietnam) Company Ltd	Vietnam	100.00%	-
Simble Energy Pty Limited	Australia	100.00%	-
Simble Holdings (Hong Kong) Limited	Hong Kong	100.00%	-
Simble Holdings Pty Limited	Australia	100.00%	100.00%
Simble International Electronics LLC	Dubai	100.00%	-
Simble IP Pty Limited	Australia	100.00%	-
Simble Mobility Pty Limited	Australia	100.00%	-
Simble Solutions (Hong Kong) Limited	Hong Kong	100.00%	100.00%
Simble Solutions (NZ) Limited	New Zealand	100.00%	-
Simble Solutions (UK) Limited	United Kingdom	100.00%	-
Wise-Owl Holdings Pty Limited	Australia	100.00%	-

Note 37. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated Period from 1 Jul 2016 to 31 Dec 2016 \$	Consolidated Period from 24 Sep 2015 to 30 Jun 2016 \$
Loss after income tax benefit for the period	(1,660,422)	(1,069,160)
Adjustments for:		
Depreciation and amortisation	433,057	-
Impairment of investments	9,532	-
Foreign exchange differences	-	(28)
Forgiveness of loans payable	(783,958)	-
Change in operating assets and liabilities:		
Increase in trade and other receivables	(143,392)	(6,724)
Decrease/(increase) in prepayments	114,241	(1,799)
Decrease in other operating assets	353,235	-
Increase in trade and other payables	551,561	105,750
Decrease in provision for income tax	(2,815)	-
Decrease in deferred tax liabilities	(16,800)	-
Increase in employee benefits	83,784	-
Increase in other provisions	49,612	-
Increase/(decrease) in other operating liabilities	(15,432)	157,995
Net cash used in operating activities	<u>(1,027,797)</u>	<u>(813,966)</u>

Note 38. Earnings per share

	Consolidated Period from 1 Jul 2016 to 31 Dec 2016 \$	Consolidated Period from 24 Sep 2015 to 30 Jun 2016 \$
Loss after income tax attributable to the owners of Simble Solutions Limited	<u>(1,660,422)</u>	<u>(1,069,160)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>21,503,752</u>	<u>14,360,752</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>21,503,752</u>	<u>14,360,752</u>

Basic and diluted earnings per share for the periods ended 30 June 2016 and 31 December 2016 have taken into account the issue of completion shares described in note 23 and the share split that occurred since the year end in accordance with AASB 133 'Earnings per Share'.

No dilution has been included as losses were incurred in the current and previous period.

Note 39. Events after the reporting period

Since the period end, a further \$1,790,148 was raised from the issue of additional convertible notes.

The Group is advanced in plans to raise additional capital to support its business plans by undertaking an Initial Public Offering ('IPO') on the Australian Securities Exchange ('ASX'), which is scheduled to take place in or around December 2017.

No other matter or circumstance has arisen since 31 December 2016 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2016 and of its performance for the financial period ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors

A handwritten signature in dark ink, appearing to read 'Fadi Geha', with a horizontal line drawn underneath it.

Fadi Geha
Director

6 December 2017
Sydney

Independent Auditor's Report to the Directors of Simble Solutions Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Simble Solutions Limited (the "Entity") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the declaration by the Directors.

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

- (i) giving a true and fair view of the Group's financial position as at 31 December 2016 and of its financial performance for the period then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of the Entity, 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.

Material Uncertainty Related to Going Concern

We draw your attention to Note 2 Going Concern in the financial report, which indicates that the Group incurred a net loss of \$1,660,422 and had net cash outflows from operating activities of \$1,027,797 during the period ended 31 December 2016, and had an excess of current liabilities over current assets as at that date of \$2,826,277. These conditions, along with other matters as set forth in Note 2 Going Concern, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report included in the Company's annual report for the period ended 31 December 2016, 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.

Directors' Responsibilities for the Financial Report

The Directors 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 Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- 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 the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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



DELOITTE TOUCHE TOHMATSU



Alfred Nehama
Partner
Chartered Accountants
Sydney, 6 December 2017