

# **Simble Solutions Limited and its controlled entities**

**ABN 17 608 419 656**

**Interim Report - 30 June 2017**

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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 30 June 2017.

### **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

### **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.

### **Review of operations**

The revenue of the Company for the half year ending 30 June 2017, was \$1,508,049 (2016: \$577,158), and the loss before income tax expense was \$1,435,764 (2016: \$586,990). The 2016 results included the acquisition of entities controlled by Incipient Capital Limited (acquired at 1 July 2016), and the Acresta Sub-Group (acquired at 1 September 2016).

During the six-month period to 30 June 2017, the Company continued the integration of the various entities acquired through the above transactions, including the offshore research and development capability with the Australian team. The growth strategy of the Company continued, as the development of its Energy, Mobility and Business Agility software advanced.

The Company intends to make an Initial Public Offer ('IPO') on the Australian Securities Exchange ('ASX') in or around December 2017.

### **Significant changes in the state of affairs**

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

This report is made in accordance with a resolution of directors.

On behalf of the directors

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Fadi Geha  
Director

6 December 2017  
Sydney

**Simble Solutions Limited and its controlled entities**  
**Statement of profit or loss and other comprehensive income**  
**For the period ended 30 June 2017**



		<b>Consolidated</b>	
	<b>Note</b>	<b>30 Jun 2017</b>	<b>30 Jun 2016</b>
		<b>\$</b>	<b>\$</b>
<b>Revenue</b>			
Revenue	4	1,160,033	126,369
Other income	5	348,016	450,789
Total revenue		1,508,049	577,158
Cost of sales		(359,326)	(258,653)
Gross margin		1,148,723	318,505
<b>Expenses</b>			
Marketing		(62,116)	(281,175)
Administration		(2,316,548)	(611,910)
Finance costs		(205,823)	(12,410)
<b>Loss before income tax expense</b>		(1,435,764)	(586,990)
Income tax expense		(265)	-
<b>Loss after income tax expense for the period attributable to the owners of Simble Solutions Limited</b>		(1,436,029)	(586,990)
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		10,776	1,488
Other comprehensive income for the period, net of tax		10,776	1,488
<b>Total comprehensive income for the period attributable to the owners of Simble Solutions Limited</b>		<u>(1,425,253)</u>	<u>(585,502)</u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	10	(5.70)	(4.09)
Diluted earnings per share	10	(5.70)	(4.09)

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

Simble Solutions Limited and its controlled entities  
Statement of financial position  
As at 30 June 2017



		Consolidated	
	Note	30 Jun 2017	31 Dec 2016
		\$	\$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		182,378	275,064
Trade and other receivables		1,052,672	721,858
Loans receivable from related parties		-	19,691
Other		523,267	693,854
Total current assets		1,758,317	1,710,467
<b>Non-current assets</b>			
Available-for-sale financial assets	6	1,695	38,059
Property, plant and equipment		68,839	73,075
Intangibles		5,147,264	4,711,483
Deferred tax		19,220	19,220
Total non-current assets		5,237,018	4,841,837
<b>Total assets</b>		6,995,335	6,552,304
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		1,582,485	1,181,951
Other financial liabilities	7	3,334,684	1,880,729
Income tax		140,027	146,849
Provisions		309,084	174,738
Loans payable to related parties		14,157	-
Deferred revenue		978,172	942,438
Accrued expenses		67,408	210,039
Total current liabilities		6,426,017	4,536,744
<b>Non-current liabilities</b>			
Deferred tax		235,200	235,200
Provisions		46,857	74,024
Total non-current liabilities		282,057	309,224
<b>Total liabilities</b>		6,708,074	4,845,968
<b>Net assets</b>		287,261	1,706,336
<b>Equity</b>			
Issued capital		100	100
Shares to be issued		4,200,000	4,200,000
Common control reserve		257,014	250,836
Foreign currency translation reserve		(4,242)	(15,018)
Accumulated losses		(4,165,611)	(2,729,582)
<b>Total equity</b>		287,261	1,706,336

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 30 June 2017**



<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Shares to be issued \$</b>	<b>Common control reserve \$</b>	<b>Foreign currency translation reserve \$</b>	<b>Accumulated losses \$</b>	<b>Total deficiency in equity \$</b>
Balance at 1 January 2016	1	-	-	(1,516)	(482,170)	(483,685)
Loss after income tax expense for the period	-	-	-	-	(586,990)	(586,990)
Other comprehensive income for the period, net of tax	-	-	-	1,488	-	1,488
Total comprehensive income for the period	-	-	-	1,488	(586,990)	(585,502)
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>

<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Shares to be issued \$</b>	<b>Common control reserve \$</b>	<b>Foreign currency translation reserve \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
Balance at 1 January 2017	100	4,200,000	250,836	(15,018)	(2,729,582)	1,706,336
Loss after income tax expense for the period	-	-	-	-	(1,436,029)	(1,436,029)
Other comprehensive income for the period, net of tax	-	-	-	10,776	-	10,776
Total comprehensive income for the period	-	-	-	10,776	(1,436,029)	(1,425,253)
<i>Transactions with owners in their capacity as owners:</i>						
Common control transaction	-	-	6,178	-	-	6,178
Balance at 30 June 2017	<u>100</u>	<u>4,200,000</u>	<u>257,014</u>	<u>(4,242)</u>	<u>(4,165,611)</u>	<u>287,261</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 30 June 2017**



	<b>Consolidated</b>	
	<b>30 Jun 2017</b>	<b>30 Jun 2016</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST)	817,749	4,810
Payments to suppliers and employees (inclusive of GST)	(1,856,318)	(430,957)
	(1,038,569)	(426,147)
Interest received	2,059	-
Research and development recovered	321,739	450,789
Interest and other finance costs paid	(205,823)	(12,410)
Income taxes paid	(7,087)	-
Net cash from/(used in) operating activities	(927,681)	12,232
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(5,255)	(772)
Payments for intangibles	(747,860)	-
Proceeds from disposal of investments	62,641	-
Proceeds from release of security deposits	54,560	-
Net cash used in investing activities	(635,914)	(772)
<b>Cash flows from financing activities</b>		
Proceeds from issue of convertible notes	1,460,133	-
Net cash from financing activities	1,460,133	-
Net increase/(decrease) in cash and cash equivalents	(103,462)	11,460
Cash and cash equivalents at the beginning of the financial period	275,064	-
Effects of exchange rate changes on cash and cash equivalents	10,776	(28)
Cash and cash equivalents at the end of the financial period	<u>182,378</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.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 6 December 2017.

## **Note 2. Significant accounting policies**

These general purpose financial statements for the interim half-year reporting period ended 30 June 2017 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2016.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, 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 30 June 2017 reflects a consolidated Group loss of \$1,436,029 and the statement of financial position reflects an excess of current liabilities over current assets of \$4,667,700. The statement of cash flows reflects net cash outflows from operations of \$927,681.

Included in current liabilities are convertible notes amounting to \$3,334,684.

Subsequent to 30 June 2017, the Company raised a further \$600,000 by way of convertible notes.

The Group intends to make an Initial Public Offering ('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.



## Note 2. Significant accounting policies (continued)

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.

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.

## Note 3. 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 4. Revenue

	<b>Consolidated</b>	
	<b>30 Jun 2017</b>	<b>30 Jun 2016</b>
	<b>\$</b>	<b>\$</b>
Rendering of services	1,145,718	126,369
Interest	2,059	-
Other revenue	12,256	-
Total revenue	<u>1,160,033</u>	<u>126,369</u>

## Note 5. Other income

	<b>Consolidated</b>	
	<b>30 Jun 2017</b>	<b>30 Jun 2016</b>
	<b>\$</b>	<b>\$</b>
Net gain on disposal of investments	26,277	-
Research and development tax offset	321,739	450,789
Total other income	<u>348,016</u>	<u>450,789</u>

## Note 6. Non-current assets - available-for-sale financial assets

	Consolidated	
	30 Jun 2017	31 Dec 2016
	\$	\$
Listed shares	<u>1,695</u>	<u>38,059</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	38,059	-
Additions	-	55,875
Disposals	-	(8,284)
Impairment of assets	<u>(36,364)</u>	<u>(9,532)</u>
Closing fair value	<u>1,695</u>	<u>38,059</u>

## Note 7. Current liabilities - other financial liabilities

	Consolidated	
	30 Jun 2017	31 Dec 2016
	\$	\$
Convertible notes - at fair value	<u>3,334,684</u>	<u>1,880,729</u>

### *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 8. Equity - dividends

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

## Note 9. Contingent liabilities

The Group has no contingent liabilities at 30 June 2017 and 31 December 2016.

## Note 10. Earnings per share

	Consolidated	
	30 Jun 2017	30 Jun 2016
	\$	\$
Loss after income tax attributable to the owners of Simble Solutions Limited	<u>(1,436,029)</u>	<u>(586,990)</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>25,194,302</u>	<u>14,360,752</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>25,194,302</u>	<u>14,360,752</u>

**Note 10. Earnings per share (continued)**

Basic and diluted earnings per share for the periods ended 30 June 2017 and 30 June 2016 have taken into account the issue of completion shares 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 11. Events after the reporting period**

Since the period end, a further \$600,000 was raised from the issue of additional convertible notes.

The Group is advanced on 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 December 2017.

No other matter or circumstance has arisen since 30 June 2017 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 Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2017 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.

On behalf of the directors

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Fadi Geha  
Director

6 December 2017  
Sydney

## **Independent Auditor's Review Report to the Members of Simble Solutions Limited**

### **Report on the Half Year Financial Report**

We have reviewed the accompanying half-year financial report of Simble Solutions Limited, which comprises the condensed consolidated statement of financial position as at 30 June 2017, the condensed consolidated statement of profit or loss, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 3 to 11. The consolidated entity comprises the company Simble Solutions Limited and the entities it controlled at the end of the half-year or from time to time during the half-year.

#### *Directors' Responsibility for the Half-Year Financial Report*

The directors of the entity are responsible for the preparation and fair presentation of the half-year financial report and have determined that the basis of preparation described in Note 1 is appropriate to meet the financial reporting requirements of the Australian Accounting Standards and is appropriate to meet the needs of the directors. The directors' responsibility also includes such internal control as the directors determine is necessary for the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not presented fairly, in all material respects, in accordance with the Australian Accounting Standards. As the auditor of Simble Solutions Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### *Conclusion*

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of Simble Solutions Limited does not present fairly, in all material respects, the consolidated entity's financial position as at 30 June 2017 and of its financial performance for the half-year ended on that date in accordance with Australian Accounting Standards AASB134 Interim Financial Reporting.



*Material Uncertainty Related to Going Concern*

We draw your attention to Note 2 Going Concern in the financial report which indicates that the consolidated entity incurred a loss after tax of \$1,436,029 and had net cash outflows from operating activities of \$927,681 during the half year ended 30 June 2017, and had an excess of current liabilities over current assets as at that date of \$4,667,700. 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 ability of the consolidated entity to continue as a Going Concern. Our conclusion is not modified in respect of this matter.

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DELOITTE TOUCHE TOHMATSU

A handwritten signature in black ink that appears to read "Alfred Nehama".

**Alfred Nehama**  
Partner  
Chartered Accountants  
Sydney, 6 December 2017