

Acresta Innovations Pty Ltd

ABN 73 159 621 566

**Annual Report for the financial year ended
30 June 2014, 30 June 2015 and 30 June 2016**

Special purpose financial statements for the year ended 30 June 2016

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Directors' report

The directors of Acresta Innovations Pty Ltd submit herewith the annual report of the company for the financial years ended 30 June 2016, 30 June 2015 and 30 June 2014. In order to comply with the reporting requirements of the directors, the directors' report is as follows:

The names of the directors of the company during or since the end of the financial year are:

Name

David Lawrence Astill (appointed 1/9/16)

Fadi Geha

The directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal activities

The entity's principal activities are to develop software applications for businesses and organisations that assist with mobility and operations.

No significant change in the nature of these activities occurred during the year.

Review of operations

A review of the operations of the company during the financial year and the results of those operations found that during the year, the company continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

The profit of the company for the financial year after providing for income tax amounted to \$45,821 (2015: \$143,438; 2014: \$220,333).

Changes in state of affairs

There was no significant change in the state of affairs of the company during the financial year.

Subsequent events

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Future developments

Disclosure of information regarding likely developments in the operations of the company in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the company. Accordingly, this information has not been disclosed in this report.

Dividends

In respect of the financial year ended 30 June 2016, no dividend was declared or paid. No other dividends have been paid or declared post the end of the financial year (2015: Nil; 2014: Nil).

Indemnification of officers and auditors

During or since the end of the financial year, the Company secretary and all executive officers of the Company and any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by law. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The company has not otherwise, during or since the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor.

Proceedings on behalf of the company

No person has applied for leave of Court to bring proceedings on behalf of the company or 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 any part of those proceedings. The company was not a party to any such proceedings during the year.

Signed in accordance with a resolution of the directors.

On behalf of the Directors

A handwritten signature in black ink, appearing to read 'Fadi Geha', written over a horizontal line.

Director

Fadi Geha

Sydney, 16 October 2017

Independent Auditor's Report to the Members of Acresta Innovations Pty Limited

We have audited the accompanying financial report, being a special purpose financial report, of Acresta Innovations Pty Limited, which comprises the statement of financial position as at 30 June 2016, 30 June 2015 and 30 June 2014, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the years then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 5 to 16.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report and have determined that the basis of preparation described in Note 2 is appropriate to meet the financial reporting requirements of the directors and is appropriate to meet the needs of the directors. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We have conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.


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

Opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of Acresta Innovations Pty Limited as at 30 June 2016, 30 June 2015 and 30 June 2014 and its financial performance for the years then ended in accordance with the financial reporting requirements of the directors as described in Note 2.

Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to Note 2 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist Acresta Innovations Pty Limited to meet the financial reporting requirements of the directors. As a result, the financial report may not be suitable for another purpose. Our report is intended solely for the directors and should not be distributed to or used by parties other than the directors.



DELOITTE TOUCHE TOHMATSU



Alfred Nehama
Partner
Chartered Accountants
Sydney, 16 October 2017

Directors' declaration

As detailed in Note 2 to the financial statements, the company is not a reporting entity because in the opinion of the directors there are unlikely to exist users of the financial statements who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. Accordingly, these special purpose financial statements have been prepared to satisfy the directors' reporting requirements.

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- (b) in the directors' opinion, the attached financial statements and notes present fairly the financial position and performance of the company in accordance with the accounting policies set out in Note 2, including compliance with accounting standards

Signed in accordance with a resolution of the directors.

On behalf of the Directors



Director

Fadi Geha

Sydney, 16 October 2017

Statement of profit or loss and other comprehensive income for the year ended 30 June 2016

	Notes	2016 \$	2015 \$	2014 \$
Revenue	4	300,813	236,661	202,574
Cost of goods sold (COGS)		(30,590)	(41,299)	(63,005)
Gross profit from trading		270,223	195,362	139,569
Other income		455,233	370,598	300,123
Administration expenses		(677,312)	(421,530)	(218,607)
Employee benefit expenses		(2,203)	(870)	(562)
Finance costs		(120)	(122)	(190)
Profit before income tax		45,821	143,438	220,333
Income tax expense		-	-	-
Profit for the year		45,821	143,438	220,333

Notes to the financial statements are included on pages 10 to 16.

Statement of financial position at 30 June 2016

	Notes	2016 \$	2015 \$	2014 \$
Assets				
Current assets				
Cash and cash equivalents	5	186	17,024	45
Trade and other receivables	6	90,073	59,978	63,663
Tax receivable		455,144	367,684	521,216
Total current assets		545,403	444,686	584,924
Non-current assets				
Intangible assets	7	2,017,992	1,520,408	1,036,684
Total non-current assets		2,017,992	1,520,408	1,036,684
Total assets		2,563,395	1,965,094	1,621,608
Liabilities				
Current liabilities				
Trade and other payables	8	1,843,503	1,291,023	1,090,975
Total current liabilities		1,843,503	1,291,023	1,090,975
Total liabilities		1,843,503	1,291,023	1,090,975
Net assets		719,892	674,071	530,633
Equity				
Issued capital	9	100,000	100,000	100,000
Retained earnings		619,892	574,071	430,633
Total equity		719,892	674,071	530,633

Notes to the financial statements are included on pages 10 to 16.

Statement of changes in equity for the year ended 30 June 2016

	Issued capital \$	Retained earnings \$	Total \$
Balance at 1 July 2013	100,000	210,300	310,300
Dividends paid or provided during the year	-	-	-
Profit for the year	-	220,333	220,333
Balance at 30 June 2014	100,000	430,633	530,633
Dividends paid or provided during the year	-	-	-
Profit for the year	-	143,438	143,438
Balance at 30 June 2015	100,000	574,071	674,071
Dividends paid or provided during the year	-	-	-
Profit for the year	-	45,821	45,821
Balance at 30 June 2016	100,000	619,892	719,892

Notes to the financial statements are included on pages 10 to 16.

Statement of cash flows for the year ended 30 June 2016

	Notes	2016 \$	2015 \$	2014 \$
Cash flows from operating activities				
Receipts from customers		285,718	240,346	365,666
Payments to suppliers and employees		(327,327)	(394,825)	(544,850)
Research and development tax refund		367,684	521,216	-
Interest paid		(120)	(122)	(190)
Net cash (used in)/ provided by operating activities	11(b)	325,955	366,615	(179,374)
Cash flows from investing activities				
Payment for capitalised development costs		(887,793)	(729,636)	(619,767)
Net cash used in investing activities		(887,793)	(729,636)	(619,767)
Cash flows from financing activities				
Net borrowings from related entities		545,000	380,000	790,000
Net cash provided by/(used in) financing activities		545,000	380,000	790,000
Net decrease in cash and cash equivalents		(16,838)	16,979	(9,141)
Cash and cash equivalents at the beginning of the year		17,024	45	9,186
Cash and cash equivalents at the end of the year	11(a)	186	17,024	45

Notes to the financial statements are included on pages 10 to 16.

Notes to the Financial Statements

1. General information

Acresta Innovations Pty Limited is a proprietary company, incorporated and operating in Australia. The registered office and its principal place of business are as follows:

Registered office and principal place of business

Level 12, 6 O'Connell Street
Sydney NSW 2000

The entity's principal activities are to provide software applications to businesses and organisations that assist with mobility and operations.

2. Significant accounting policies

Financial reporting framework

The company is not a reporting entity because in the opinion of the directors there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. Accordingly, this 'special purpose financial report' has been prepared to satisfy the directors' reporting needs. For the purposes of preparing the financial statements, the company is a for-profit entity.

Statement of compliance

The financial report has been prepared in accordance with the Corporations Act 2001, the recognition and measurement requirements specified by all Accounting Standards and Interpretations, and the disclosure requirements of Accounting Standards AASB 101 'Presentation of Financial Statements', AASB 107 'Statement of Cash Flows', AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors' and AASB 1054 'Australian Additional Disclosures'.

Basis of preparation

The financial report has been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects current and future periods.

Significant accounting judgements

In applying the company accounting policies, management has made the following judgments which have the most significant effect on the financial statements:

Capitalisation of development costs – the Company has adopted a policy of capitalising development costs only for products for which an assessment is made that the product is technically feasible and will generate definite economic benefits for the company going forward. The capitalised costs are subsequently amortised over the expected useful life of the product.

2. Significant accounting policies (continued)

Significant estimates and assumptions

The carrying amount of certain assets and liabilities are often determined based on the estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing material adjustments to the carrying amounts of certain assets and liabilities are:

Product life and amortisation – the company amortises capitalized development costs based on a straight-line basis over a period of 5 years commencing at the time of commercial release of the new product. This is the assessed useful life.

Adoption of new and revised Accounting Standards

In the current year, the company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period.

Significant accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in the current liabilities in the statement of financial position.

(b) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(c) Revenue

Rendering of services

Maintenance 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 as at the contractual rates.

Interest revenue

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

(d) Going concern

As at 30 June 2016 the statement of financial position reflected a working capital deficiency of \$1,298,100. The statement of profit or loss and other comprehensive reflects a profit of \$45,821 (2015: \$143,438) (2014: \$220,333). Included in Trade and Other Payables, is \$1,416,800 owing to a related entity, Simble Mobility Pty Limited.

Notwithstanding the working capital deficiency position, the financial report has been prepared on a going concern basis as Simble Mobility Pty Limited has confirmed it will continue to provide financial support to the company and not recall any loans due for a period of at least 12 months from the date of this financial report.

2. Significant accounting policies (continued)

(e) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date.

Deferred tax

Deferred tax is accounted for using in respect of temporary differences arising from differences in carrying amount of asset and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in branches and associates, and interests in joint ventures except where the company is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the statement of comprehensive income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity.

(f) Intangible assets

Computer and development software

Computer software is recorded at cost less accumulated amortisation and impairment. Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and service. Amortisation is charged on a straight line basis over their estimated useful lives of 5 years. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period.

Trademarks and licences

Trademarks and licences have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is charged on a straight line basis over their estimated useful lives of 5 years.

2. Significant accounting policies (continued)

(g) Property, plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight-line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. The estimated useful life, residual values and depreciation method are reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

- Fixtures, fittings and equipment 2 - 10 years
- Computers 1-2 years

(h) Employee benefits

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

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

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

(i) Provisions

Provisions are recognised when the company has a present obligation (legal or constructive), the future sacrifice of economic benefits is probable and the amount of the provision can be measured reliably.

(j) Financial liabilities

Financial liabilities are classified as other financial liabilities.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

(k) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions.

Research and Development tax incentive

Where the company is entitled to a Research and Development tax incentive payment due to the company meeting certain threshold criteria, the amount receivable is recorded as grant income. Where the company is entitled to a reduction in current income tax payable for Research and Development costs, the amount is offset against the current tax liability and recognised in current tax expense as a credit.

2. Significant accounting policies (continued)

(I) Standards and Interpretations issued not yet effective

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

Initial application of the following Standards will not affect any of the amounts recognised in the financial report, but will change the disclosures presently made in relation to the company's financial report.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards'	1 January 2018	30 June 2019
AASB 15 'Revenue from Contracts with Customers' and AASB 2015-5 'Amendments to Australian Accounting Standards arising from AASB 15'	1 January 2017	30 June 2018
AASB 2015-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016	30 June 2017
AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2015 Cycle'	1 January 2016	30 June 2017
AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'	1 January 2016	30 June 2017
AASB 16 'Leases'	1 January 2019	30 June 2020

Acresta Innovations Pty Ltd
Notes to the financial statements

	2016 \$	2015 \$	2014 \$
3. Profit for the year			
Profit for the year has been arrived at after (crediting)/charging the following items of income and expense:			
Amortisation and depreciation	390,209	245,912	121,959
Interest expense	120	122	190
	<hr/>	<hr/>	<hr/>
4. Revenue			
Revenue from related entities	300,813	236,661	202,574
	<hr/>	<hr/>	<hr/>
5. Cash and cash equivalents			
Cash at bank and in hand	186	17,024	45
	<hr/>	<hr/>	<hr/>
6. Trade and other receivables			
<u>Current</u>			
Trade receivables	75,073	(5,376)	63,663
GST receivable	-	65,354	-
Amounts receivable from related entities (i)	15,000	-	-
Net Trade Receivables	90,073	59,978	63,663
	<hr/>	<hr/>	<hr/>
(i) Amounts receivable from related entities :-			
Asset : Loan -- Acresta Digital	15,000	-	-
	15,000	-	-
	<hr/>	<hr/>	<hr/>
7. Intangible assets			
Development costs and software			
At cost	2,838,838	1,951,045	1,229,560
Less accumulated amortisation	(828,997)	(438,788)	(192,876)
	2,009,841	1,512,257	1,036,684
	<hr/>	<hr/>	<hr/>
Trademarks			
At cost	8,151	8,151	-
Less accumulated amortisation	-	-	-
	8,151	8,151	-
	<hr/>	<hr/>	<hr/>
Total intangible assets	2,017,992	1,520,408	1,036,684
	<hr/>	<hr/>	<hr/>

Acresta Innovations Pty Ltd
Notes to the financial statements

	2016 \$	2015 \$	2014 \$
8. Trade and other payables			
Trade payables	3,503	11,023	190,975
	<u>3,503</u>	<u>11,023</u>	<u>190,975</u>
Amounts payable to related entities	1,840,000	1,280,000	900,000
	<u>1,843,503</u>	<u>1,291,023</u>	<u>1,090,975</u>
9. Issued capital			
100,000 fully paid ordinary shares (2015: 100,000) (2014: 100,000)	100,000	100,000	100,000

10. Contingent liabilities

There are no contingent liabilities as at 30 June 2016 (2015: \$nil) (2014: \$nil).

11. Notes to the cash flow statement

(a) Reconciliation of cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the statement of financial position as follows:

Cash at bank	186	17,024	45
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(b) Reconciliation of profit for the year to net cash flows from operating activities

Profit for the year	45,821	143,438	220,333
Amortisation and Depreciation	390,209	245,912	121,959

Changes in net assets and liabilities:

Decrease/(Increase) in assets:

Tax receivable	(87,460)	153,532	(300,099)
Trade and other receivables	(15,095)	3,685	163,092
Other assets	-	-	31,045

(Decrease)/Increase in liabilities:

Trade and other payables	(7,520)	(179,952)	(415,704)
Net cash provided by operating activities	<u>325,955</u>	<u>366,615</u>	<u>(179,374)</u>

12. Subsequent Event

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.