

Tymlez Group Limited

ABN 37 622 817 421

Consolidated Financial Statements

For the Period Ended 31 December 2017

Tymlez Group Limited

ABN 37 622 817 421

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For the Period Ended 31 December 2017

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Tymlez Group Limited

ABN 37 622 817 421

Directors' Report

For the Period Ended 31 December 2017

The directors present their report, together with the consolidated financial statements of the Group, being Tymlez Group Limited ("the Company") and its controlled entities, for the financial period ended 31 December 2017. The Company was incorporated on 13 November 2017 and as this represents the first set of financial statements for the Company, the financial information included is for the period from incorporation to 31 December 2017. Accordingly, there is no comparative period information.

Information on directors

The names of each person who has been a director during the period and to the date of this report are:

Michael Reh (Appointed 13 November 2017)

Qualifications Kaufmann im Gross- und Aussenhandel

Experience Michael co-founded Tymlez Holding BV in 2016. He is responsible for the day-to-day management of the Tymlez Group, and oversees the implementation of new applications, which are based on the Tymlez Platform. Michael developed the Tymlez blockchain stack and has developed and implemented new applications based on these technologies. He has the ability to combine his technical expertise with his ability to understand customer business systems and processes, and has worked in an international capacity for years building strong networks within the business information and technology space.

Michael has more than 28 years' experience in the information technology industry, having held leadership roles with the world's leading IT firms, most recently as an Executive Vice President of the Business Information Technologies division and as Chief Operations Officer at SAP Software & Solutions (from 2001 to 2014), Executive Vice President and Global Head for Finacle at Infosys Ltd and CEO (Designate) and board member at EdgeVerve Ltd. Michael was also the Head of Product Development and Softlution Web Technology GmbH where he was responsible for managing a team that developed a web-based customer-relations management system.

Interest in shares and options 50% of 65,404,233 ordinary shares held by Tyhold 2 B.V. a company jointly owned by Michael Reh and Reinier van der Drift

Special responsibilities Executive Director; Chief Executive Officer

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Directors' Report

For the Period Ended 31 December 2017

Information on directors (continued)

Reinier van der Drift	(Appointed 13 November 2017)
Qualifications	Bachelor of Information Technology, The Open Universiteit of the Netherlands
Experience	<p>Reinier co-founded Tymlez in 2016 and currently serves as an Executive Director and the CMSO of the Company. Reinier is responsible for overseeing Marketing & Sales operation regarding the Tymlez Platform.</p> <p>Reinier has extensive experience working in the ICT industry and in particular within the IT security, identity management and authentication, telecommunications, and business transformation fields of the industry.</p> <p>In 2009, Reinier founded Authasas B.V. which developed an authentication framework which could be integrated with major software vendors including Microsoft. Authasas was then acquired by Micro Focus International PLC in 2015, which is a multinational software and information technology business based in England providing software and consultancy services. Immediately after the acquisition of Authasas, Reinier served as Business Development Director for Advance Authentication Solutions before departing in 2016 to establish Tymlez.</p> <p>Reinier is presently a board member of the Hague Security Delta, which is a Dutch network of businesses, governments and institutions that work together on innovative security solutions and knowledge development. Members of the Hague Security Delta discuss security issues and share knowledge on cyber security, national and urban security, protection of critical infrastructures, and forensics.</p> <p>Reinier is an experienced entrepreneur and was awarded various patents in the field of strong authentication.</p>
Interest in shares and options	50% of 65,404,233 ordinary shares held by Tyhold 2 B.V. a company jointly owned by Michael Reh and Reinier van der Drift
Special responsibilities	Executive Director; Chief Marketing & Sales Officer

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Directors' Report

For the Period Ended 31 December 2017

Information on directors (continued)

Daniel Charles Dickens	(Appointed 13 November 2017)
Qualifications	Master of Business Administration with Distinction; Graduate of Australian Institute of Company Directors (pending)
Experience	<p>Daniel has had a long career working with business and technology as a consultant, a leader of teams, and as an entrepreneur. In the years since starting his first consulting organisation in 2004, Daniel has developed and grown many technology businesses, and has won multiple awards for his work from major software vendors like Microsoft and Sage.</p> <p>Daniel is a proven business leader, and currently retains the position of Chief Technology Officer for Cromwell Property Group - an ASX200 listed fund manager with over AUD 10 billion in assets under management. At Cromwell, he has been instrumental in driving business adoption of cloud technologies, and is regularly invited to speak at events such as Amazon's AWS Summit and the Chief Information Security Officer Forum. Daniel also oversees internal technology compliance and risk management as part of this role.</p> <p>As an investor, Daniel has participated in numerous ventures from seed to IPO, regularly taking an active interest in the development of the organisation. His industry connections and network have helped many organisations attract and retain long-term clients.</p>
Interest in shares and options	400,000 ordinary shares
Special responsibilities	Non-Executive Director; Audit and Risk Committee Chair
Rodney Hannington	(Appointed 11 July 2018)
Qualifications	Bachelor of Marketing, Monash University
Experience	<p>Rodney has been working in marketing and strategy services in consumer health and fast moving consumer goods in Asia Pacific for over 15 years. He has valuable international experience in Australia, China, Japan, South Korea and South East Asia, Middle East/ Africa, Russia and Ukraine markets.</p> <p>Working and consulting with leading consulting firms in Asia, Mondelez and Novartis and living in Australia, China and Singapore, he has developed extensive experience with a strong network in the health and food industries.</p> <p>He is a strategic and innovative consumer health marketer with deep experience in China and Australia. He has led and been a part of several significant company acquisitions and new product launches in China and Australia as a board member, consultant and employee. He has strong interpersonal skills with broad cultural experience dealing with diverse cross-functional teams.</p> <p>After two decades of living overseas and travel, Rodney is now located in Australia. He has been a member of the Monash University Department of Marketing's Industry Advisory Board since 2013.</p>
Special responsibilities	Non-Executive Chairman
Other current directorships in listed entities	Executive Director - Eagle Health Holdings Limited (ASX: EHH); and Non-Executive Chairman - Lifespot Health Limited (ASX: LSH)

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Directors' Report

For the Period Ended 31 December 2017

Information on directors (continued)

Justyn Peter Stedwell	(Appointed 13 November 2017; Resigned 11 July 2018)
Qualifications	Bachelor of Commerce (Economics and Management), Monash University; Graduate Diploma of Accounting , Deakin University; and Graduate Diploma in Applied Corporate Governance, Governance Institute of Australia
Experience	Justyn is a professional company secretary, with over 10 years' experience as a company secretary of ASX-listed companies, including biotechnology, agriculture, mining and exploration, information technology and telecommunications. He is currently company secretary at several ASX-listed companies, including Motopia Ltd (ASX: MOT), Imugene Ltd (ASX: IMU), Rectifier Technologies Ltd (ASX: RFT), Lanka Graphite Ltd (ASX: LGR), WONHE Multimedia Commerce Ltd (ASX: WMC), Broo Ltd (ASX: BEE), WINHA Commerce and Trade International (ASX: WQW), Lifespot Health Ltd (ASX: LSH) and Golden Mile Resources Ltd (ASX: G88).
Special responsibilities	Company Secretary

Directors have been in office since the start of the financial period to the date of this report unless otherwise stated.

Company secretary

The following person held the position of Company secretary at the end of the financial period:

Justyn Peter Stedwell has been the company secretary since 13 November 2017. Justyn's qualifications and experience is included under "Information on Directors" above.

Principal activities and significant changes in nature of activities

The principal activities of the Group during the financial period were as follows:

Tymlez has developed the **Tymlez Platform** and the **Tymlez Applications** and generates licence revenues from the Tymlez Platform and the Tymlez Applications, either on a perpetual basis or a subscription basis.

- **Tymlez Platform** – where customers have purchased a licence for the Tymlez Platform, the customer is permitted to use Tymlez Platform to develop any number of blockchain-based applications from the Tymlez Platform and to such extent required by the customer, for the duration of the licence. Licensing of the Tymlez Platform provides greater flexibility to Tymlez's customers as the relevant blockchain solution developed can evolve and be updated periodically according to the prevailing requirements of the customer from time to time.
- **Tymlez Applications** – where customers have purchased a licence for the Tymlez Applications, the customer is only permitted to utilise the specific permutation of the Tymlez Platform within the relevant Tymlez Application and the pre-installed functionalities during the term of the licence. If the customer requires the Tymlez Application to perform additional functionalities then supplementary licence fees may be payable.

In addition, Tymlez also generates service revenues from consulting services, implementation services and maintenance and support services.

There were no significant changes in the nature of the Group's principal activities during the financial period.

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Directors' Report **For the Period Ended 31 December 2017**

Operating results

The consolidated loss of the Group amounted to \$46,458.

Dividends paid or recommended

No dividends were paid or declared since the start of the financial period. No recommendation for payment of dividends has been made.

Review of operations

Tymlez Holding BV was founded in April 2016. Based on developed products as described earlier, the management has used the first year to proof its product to prospective clients and to proof the business model to prospective investors. At the time the company was financed by its two founders. In the fiscal year 2016, the turnover was EUR68,000 and the net loss EUR288,000.

In the fiscal year, after having proofed the above mentioned issues, the company has sought for funding to create growth. When obtaining this, after a seed round of AU\$3.1m, the Group has started to hire additional developers and sales staff. As a result, the costs of Tymlez Holding BV have increased. In the fiscal year 2017, the turnover has been EUR333,000 and the net loss of EUR146,000. Revenue of Tymlez Holding B.V. included in the consolidated revenue of the Group since the acquisition date on 14 November 2017 amounted to EUR128,766 with a net loss of EUR1,821.

In order to create a strong financial position, the founders have sold all shares of Tymlez Holding BV as at 14 November 2017 to a newly incorporated company, Tymlez Group Ltd. Together with the seed round, this has resulted in a strong equity and a strong cash position as at 31 December 2017.

As proof of concept has been realised and since the commercial pipeline is filling up, the board is confident that the Group is on the right track to further expansion and ready for an IPO planned for the third quarter of 2018.

Significant changes in state of affairs

The following significant changes in the state of affairs of the parent entity occurred during the financial period:

- i) Issue of 61,280,000 ordinary shares at \$0.10 each as consideration for the acquisition of Tymlez Holding B.V.;
- ii) Issue of a total of 25,710,000 ordinary shares at \$0.10 each in three rounds of seed capital raising; and
- iii) Issue of 2,525,000 ordinary shares at \$0.10 each upon conversion of a convertible note.

Changes in the controlled entities and divisions:

- i) On 14 November 2017, the parent Company acquired a 100% interest of Tymlez Holding B.V. (a company incorporated in Amsterdam, Netherlands) and resulted in Tymlez Group Limited obtaining control of Tymlez Holding B.V..

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Directors' Report

For the Period Ended 31 December 2017

Matters or circumstances arising after the end of the period

On 25 January 2018, pursuant to an agreement where Tyhold 2 B.V. (a director-related entity) assigned a debt payable to it by Tymlez Holding B.V. of EUR 265,696 (approximately A\$412,413) to the Company, the loan of the amount A\$412,413 provided by Tyhold 2 B.V. to the Company, was converted into 4,124,133 fully paid ordinary shares in the Company as settlement of the loan.

On 30 January 2018, the Company accepted share applications from seed investors and issued a total of 790,000 ordinary shares in the Company at \$0.10 per share.

On 11 July 2018, Mr Rodney Hannington was appointed as a director and non-executive chairman of the Company. Details of Rodney's qualifications and experience is included under "Information on Directors" above.

On 30 July 2018, a debt of \$210,487.60 (including GST) due to the Company's lead broker/manager, Peak Asset Management Pty Ltd ("Peak"), was converted at A\$0.10 per share into 2,104,876 ordinary shares and issued to Peak as settlement of the outstanding debt.

In July and August 2018, the Company issued convertible notes totalling A\$700,000 to existing shareholders. Interest of 5% per annum will be payable on the notes and these notes will be convertible into ordinary shares at A\$0.15 per share.

Except for the above, no other matters or circumstances have arisen since the end of the financial period which significantly affected or could significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Future developments and results

Likely developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Group.

Environmental matters

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

Meetings of directors

During the financial period, 2 meetings of directors (including committees of directors) were held. Attendances by each director during the period were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Michael Reh	2	2
Reinier van der Drift	2	2
Daniel Charles Dickens	2	2
Rodney Hannington	-	-
Justyn Peter Stedwell	2	2

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Directors' Report

For the Period Ended 31 December 2017

Options

No options over issued shares or interests in the Company or a controlled entity were granted during or since the end of the financial period and there were no options outstanding at the date of this report.

No shares were issued during or since the end of the year as a result of the exercise of an option over unissued shares or interests.

Indemnification and insurance of officers and auditors

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

Proceedings on behalf of Company

No person has applied for leave of court under Section 237 of the *Corporations Act 2001* 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.

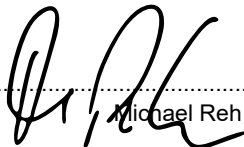
The Company was not a party to any such proceedings during the period.

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the period ended 31 December 2017 has been received and can be found on page 8 of the consolidated financial report.

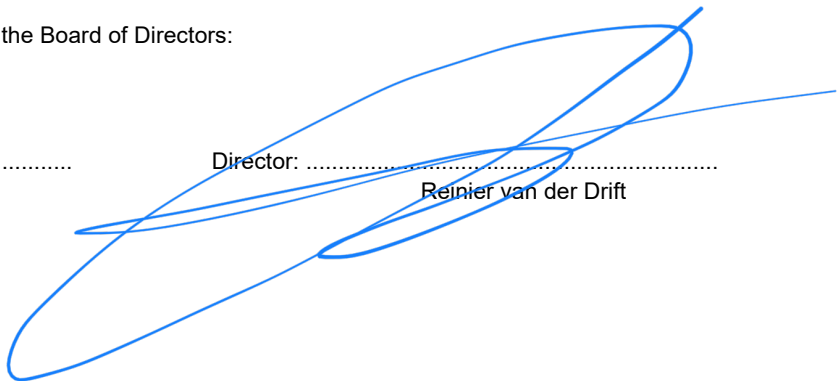
Signed in accordance with a resolution of the Board of Directors:

Director:



Michael Reh

Director:



Reinier van der Drift

Dated this 22nd day of August 2018

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Tymlez Group Limited for the period ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.

This declaration is in relation to the Tymlez Group Limited and the entities it controlled during the period.



HLB Mann Judd
Chartered Accountants

Melbourne
22 August 2018



Jude Lau
Partner

HLB Mann Judd (VIC Partnership)

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Liability limited by a scheme approved under Professional Standards Legislation

Tymlez Group Limited

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Period Ended 31 December 2017

		13 November - 31 December 2017
	Note	\$
Revenue	4	300,680
Employee benefits expense		(5,174)
Depreciation expense	5	(478)
Occupancy expenses		(5,073)
Office expenses		(13,548)
Selling and distribution expenses		(123,803)
Unrealised foreign exchange losses		(43,651)
Other expenses		(155,307)
Finance costs	5	(104)
Loss before income tax		(46,458)
Income tax expense	6	-
Loss for the period		(46,458)
Other comprehensive income, net of income tax		
Items that will not be reclassified subsequently to profit or loss		-
Items that will be reclassified to profit or loss when specific conditions are met		
Exchange differences on translating foreign controlled entities	17	(249)
Other comprehensive income/(loss) for the period, net of tax		(249)
Total comprehensive income/(loss) for the period		(46,707)

The accompanying notes form part of these financial statements.

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**Consolidated Statement of Financial Position
As At 31 December 2017**

	Note	2017 \$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	8	2,025,893
Trade and other receivables	9	293,041
Other assets	12	85,542
TOTAL CURRENT ASSETS		2,404,476
NON-CURRENT ASSETS		
Property, plant and equipment	10	17,311
Intangible assets	11	1,016,479
TOTAL NON-CURRENT ASSETS		1,033,790
TOTAL ASSETS		3,438,266
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	13	464,354
Borrowings	14	407,976
Other liabilities	15	82,400
TOTAL CURRENT LIABILITIES		954,730
TOTAL LIABILITIES		954,730
NET ASSETS		2,483,536
EQUITY		
Issued capital	16	8,860,248
Reserves	17	(6,330,254)
Accumulated losses	18	(46,458)
TOTAL EQUITY		2,483,536

The accompanying notes form part of these financial statements.

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Consolidated Statement of Changes in Equity For the Period Ended 31 December 2017

13 November - 31 December 2017

	Note	Issued Capital \$	Accumulated Losses \$	Foreign Currency Translation Reserve \$	Deferred Consideration Shares Reserve \$	Common Control Reserve \$	Total \$
Balance at 13 November 2017							
Net profit/(loss) for the period	18	-	-	-	-	-	-
Total other comprehensive income for the period	17	-	(46,458)	-	-	-	(46,458)
				(249)	-	-	(249)
Transactions with owners in their capacity as owners							
Contribution of equity, net of transaction costs	16	8,860,248	-	-	-	-	8,860,248
Common control transaction	17	-	-	-	425,886	(6,755,891)	(6,330,005)
Balance at 31 December 2017		8,860,248	(46,458)	(249)	425,886	(6,755,891)	2,483,536

The accompanying notes form part of these financial statements.

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Consolidated Statement of Cash Flows For the Period Ended 31 December 2017

	13 November - 31 December 2017
Note	\$
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	78,534
Payments to suppliers and employees	(276,346)
Finance costs	(104)
Net cash provided by/(used in) operating activities	19(a) <u>(197,916)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Payment for intangible asset	(119,916)
Purchase of property, plant and equipment	(8,840)
Cash acquired via common control transaction	66,253
Net cash provided by/(used in) investing activities	<u>(62,503)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds from issue of shares	2,923,600
Repayment of borrowings	(445,687)
Payment of share issue costs	(191,352)
Net cash provided by/(used in) financing activities	<u>2,286,561</u>
Effects of exchange rate changes on cash and cash equivalents	<u>(249)</u>
Net increase/(decrease) in cash and cash equivalents held	2,025,893
Cash and cash equivalents at beginning of period	-
Cash and cash equivalents at end of the period	8(a) <u><u>2,025,893</u></u>

The accompanying notes form part of these financial statements.

Tymlez Group Limited

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Notes to the Financial Statements **For the Period Ended 31 December 2017**

The consolidated financial report covers Tymlez Group Limited and its controlled entities ('the Group'). Tymlez Group Limited is a for-profit Company limited by shares, incorporated and domiciled in Australia.

Each of the entities within the Group prepare their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

The financial report was authorised for issue by the Directors on 22 August 2018.

The Company was incorporated on 13 November 2017 and as this represents the first set of financial statements for the Company, the financial information included is for the period from incorporation to 31 December 2017. Accordingly, there is no comparative period information.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards and the *Corporations Act 2001*.

These financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

2 Summary of Significant Accounting Policies

(a) Basis for consolidation

The consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost.

Intragroup assets, liabilities, equity, income, expenses and cashflows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements.

Appropriate adjustments have been made to a controlled entity's financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity. All controlled entities have a December financial year end.

A list of controlled entities is contained in Note 24 to the financial statements.

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the parent has control. Control is established when the parent 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 relevant activities of the entity.

Notes to the Financial Statements

For the Period Ended 31 December 2017

2 Summary of Significant Accounting Policies (continued)

(b) Business combinations

Business combinations are accounted for by applying the acquisition method which requires an acquiring entity to be identified in all cases, unless it is a combination involving entities or businesses under common control. The acquisition date under this method is the date that the acquiring entity obtains control over the acquired entity.

For transactions meeting the definition of "transactions between entities under common control", the Group accounts for the assets and liabilities of the entities acquired at their pre-combination carrying amount without fair value uplift. The accounting is applied on the basis that there has been no substantive economic change. No goodwill is recognised as part of the transaction, instead, any difference between the cost of transaction and the carrying value of the net asset acquired has been recorded in equity. The acquisition of Tymlez Holding B.V. met the definition of a transaction between entities under common control as per AASB 3 and no fair value uplift was applied. Refer to Note 7 for further details.

The fair value of identifiable assets and liabilities acquired are recognised in the consolidated financial statements at the acquisition date.

Goodwill or a gain on bargain purchase may arise on the acquisition date, this is calculated by comparing the consideration transferred and the amount of non-controlling interest in the acquiree with the fair value of the net identifiable assets acquired. Where consideration is greater than the net assets acquired, the excess is recorded as goodwill. Where the net assets acquired are greater than the consideration, the measurement basis of the net assets are reassessed and then a gain from bargain purchase recognised in profit or loss. Refer to Note 7 for information on the goodwill policy adopted by the Group for common control acquisitions.

All acquisition-related costs are recognised as expenses in the periods in which the costs are incurred except for costs to issue debt or equity securities.

Any contingent consideration which forms part of the combination is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity then it is not remeasured and the settlement is accounted for within equity. Otherwise subsequent changes in the value of the contingent consideration liability are measured through profit or loss.

(c) Income Tax

The tax expense recognised in the consolidated statement of profit or loss and other comprehensive income comprises of current income tax expense plus deferred tax expense.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the period and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax is provided on temporary differences which are determined by comparing the carrying amounts of tax bases of assets and liabilities to the carrying amounts in the consolidated financial statements.

Deferred tax is not provided for the following:

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).
- Taxable temporary differences arising on the initial recognition of goodwill.

Notes to the Financial Statements

For the Period Ended 31 December 2017

2 Summary of Significant Accounting Policies (continued)

(c) Income Tax (continued)

- Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

(d) Leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(e) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Group and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

Rendering of services

Revenue in relation to rendering of services is recognised depending on whether the outcome of the services can be estimated reliably. If the outcome can be estimated reliably then the stage of completion of the services is used to determine the appropriate level of revenue to be recognised in the period.

If the outcome cannot be reliably estimated then revenue is recognised to the extent of expenses recognised that are recoverable.

Interest revenue

Interest is recognised using the effective interest method.

Notes to the Financial Statements

For the Period Ended 31 December 2017

2 Summary of Significant Accounting Policies (continued)

(e) Revenue and other income (continued)

Other income

Other income is recognised on an accruals basis when the Group is entitled to it.

(f) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

(g) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST.

Cash flows in the consolidated statement of cash flows are included on a gross basis and 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.

(h) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments with original maturities of 3 months or less, which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Bank overdrafts also form part of cash equivalents for the purpose of the consolidated statement of cash flows and are presented within current liabilities on the consolidated statement of financial position.

(i) Financial instruments

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Group becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial Assets

The Group's financial assets are divided into the following categories which are described in detail below:

- loans and receivables.

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

Notes to the Financial Statements

For the Period Ended 31 December 2017

2 Summary of Significant Accounting Policies (continued)

(i) Financial instruments (continued)

All income and expenses relating to financial assets are recognised in the consolidated statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

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 arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Group's trade and other receivables fall into this category of financial instruments.

In some circumstances, the Group renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Group does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired.

The Group's financial liabilities include borrowings, trade and other payables (including finance lease liabilities), which are measured at amortised cost using the effective interest rate method.

Trade and other payables

Trade and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial period that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Payment terms are usually 30 days from invoice date.

Impairment of financial assets

At the end of the reporting period the Group assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

Notes to the Financial Statements

For the Period Ended 31 December 2017

2 Summary of Significant Accounting Policies (continued)

(j) Property, plant and equipment

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

Costs include purchase price, other directly attributable costs and the initial estimate of costs of dismantling and restoring the asset, where applicable.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Group, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Plant and Equipment	20%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(k) Intangibles

Development costs

Capitalised development costs are measured at cost less accumulated amortisation and accumulated impairment losses.

The cost of capitalised development costs, where the assets are developed within the Group, includes direct labour, contract labour and software. Costs incurred subsequent to initial recognition are capitalised when it is expected that additional future economic benefits will flow to the Group. The costs are capitalised only when they will deliver future economic benefits and the benefits can be measured reliably.

Development costs have a finite life and will be amortised on a systematic basis matched to the future economic benefits over the useful life of the project which is 5 years commencing 1 January 2018.

Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

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

(l) Impairment of non-financial assets

At the end of each reporting period the Group determines whether there is any evidence of impairment for its non-financial assets.

Notes to the Financial Statements

For the Period Ended 31 December 2017

2 Summary of Significant Accounting Policies (continued)

(l) Impairment of non-financial assets (continued)

Where an indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

(m) Employee benefits

Short-term employee benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages and salaries. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages and salaries are recognised as a part of current employee benefits in the consolidated statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yield at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss as part of employee benefits expense.

The Group's obligations for long-term employee benefits are presented as non-current employee benefits in its consolidated statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current employee benefits.

Defined contribution schemes

Obligations for contributions to defined contribution superannuation plans are recognised as an employee benefit expense in profit or loss in the periods in which services are provided by employees.

Notes to the Financial Statements

For the Period Ended 31 December 2017

2 Summary of Significant Accounting Policies (continued)

(n) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options which vest immediately are recognised as a deduction from equity, net of any tax effects.

(o) Foreign currency transactions and balances

Transaction and balances

Foreign currency transactions are recorded at the spot rate on the date of the transaction.

At the end of the reporting period:

- Foreign currency monetary items are translated using the closing rate;
- Non-monetary items that are measured at historical cost are translated using the exchange rate at the date of the transaction; and
- Non-monetary items that are measured at fair value are translated using the rate at the date when fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition or in prior reporting periods are recognised through profit or loss, except where they relate to an item of other comprehensive income or whether they are deferred in equity as qualifying hedges.

Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at period-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period where the average rate approximates the rate at the date of the transaction; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the consolidated statement of financial position. These differences are recognised in the consolidated statement of profit or loss and other comprehensive income in the period in which the operation is disposed.

Notes to the Financial Statements

For the Period Ended 31 December 2017

2 Summary of Significant Accounting Policies (continued)

(p) Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business, for a period of at least 12 months from the date the financial report was authorised for issue.

As at 31 December 2017, the Group has a net asset position of \$2,483,536 and its current assets exceed its current liabilities by \$1,449,746. During the financial period, the Group had cash outflows from operating activities of \$197,916, cash outflows from investing activities of \$62,503 and a net loss from operating activities of \$46,458.

The Group has prepared a cash flow forecast for the year ending 31 December 2018, which indicates that the Group does not have sufficient cash to meet its minimum expenditure commitments and support its current level of corporate overheads and growth and therefore needs to raise additional funds in order to fund its growth and to continue as a going concern.

To address the future additional funding requirements of the Group, since 31 December 2017, the directors have undertaken the following initiatives:

- Issued convertible notes and raised a total of A\$700,000 from its existing shareholders with interest payable at 5% per annum in July and August 2018;
- Commenced the process of applying for admission onto the official list of the Australian Securities Exchange ("ASX") and is seeking to raise between A\$5 million and A\$8 million before costs during the initial public offering ("IPO") by issue of between 22,727,273 and 36,363,637 ordinary shares at \$0.22 per share;
- Continue to monitor and control the Group's ongoing working capital requirements and minimum expenditure commitments; and
- Continue management's focus on maintaining an appropriate level of corporate overheads in line with the Group's available cash resources.

The directors are confident that they will be able to complete the capital raising initiatives that will provide the Group with sufficient funding to meet its minimum expenditure commitments and support the planned level of overhead expenditures, and therefore, determine that it is appropriate to prepare the financial statements on the going concern basis.

In the event that the Group is not able to successfully complete the fundraising referred to above, a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and therefore whether it will realise assets and discharge liabilities in the normal course of business and at the amounts shown in the financial report.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessarily incurred should the Group not continue as a going concern.

Notes to the Financial Statements

For the Period Ended 31 December 2017

2 Summary of Significant Accounting Policies (continued)

(q) Adoption of new and revised accounting standards

The Group has adopted all standards which became effective for the first time at 31 December 2017, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Group.

(r) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Group has decided not to early adopt these Standards. The following table summarises those future requirements, and their impact on the Group where the standard is relevant:

Standard Name	Effective date for entity	Requirements	Impact
AASB 15 Revenue from contracts with customers	Annual reporting periods beginning on or after 1 January 2018	<p>AASB 15 introduces a five step process for revenue recognition with the core principle of the new Standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services.</p> <p>Accounting policy changes will arise in timing of revenue recognition, treatment of contracts costs and contracts which contain a financing element.</p> <p>AASB 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.</p>	<p>The changes in revenue recognition requirements in AASB 15 is likely to cause changes to the timing and amount of revenue recorded in the financial statements. The Group is currently in the process of completing its review of the potential impact.</p>

Notes to the Financial Statements

For the Period Ended 31 December 2017

2 Summary of Significant Accounting Policies (continued)

(r) New Accounting Standards and Interpretations (continued)

Standard Name	Effective date for entity	Requirements	Impact
AASB 9 Financial Instruments	Annual reporting periods beginning on or after 1 January 2018	<p>Significant revisions to the classification and measurement of financial assets, reducing the number of categories and simplifying the measurement choices, including the removal of impairment testing of assets measured at fair value. The amortised cost model is available for debt assets meeting both business model and cash flow characteristics tests. All investments in equity instruments using AASB 9 are to be measured at fair value.</p> <p>Amends measurement rules for financial liabilities that the entity elects to measure at fair value through profit and loss. Changes in fair value attributable to changes in the entity's own credit risk are presented in other comprehensive income.</p> <p>AASB 9 includes a new approach to hedge accounting that is intended to more closely align hedge accounting with risk management activities undertaken by entities when hedging financial and non-financial risks.</p>	No impact on reported financial performance or position is expected.
AASB 16 Leases	Annual reporting period beginning on or after 1 January 2019	<p>AASB 16 will cause the majority of leases of an entity to be brought onto the statement of financial position. There are limited exceptions relating to short-term leases and low value assets which may remain off-balance sheet.</p> <p>The calculation of the lease liability will take into account appropriate discount rates, assumptions about lease term and increases in lease payments.</p> <p>A corresponding right to use asset will be recognised which will be amortised over the term of the lease.</p> <p>Rent expense will no longer be shown, the profit and loss impact of the leases will be through amortisation and interest charges.</p>	No impact on reported financial performance or position is expected.

Notes to the Financial Statements

For the Period Ended 31 December 2017

3 Critical Accounting Estimates and Judgements

The directors make estimates and judgements during the preparation of these consolidated financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - impairment of property, plant and equipment and intangible assets

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

Management completed the annual impairment review and concluded that no impairment was required.

Key estimates - deferred consideration shares

Deferred consideration shares are recognised as an equity reserve based on their fair value as at the date of acquisition. The fair value of such shares is estimated through the use of a valuation model - which require inputs such as the expected sales, expected growth factors, discount rate, probability factors - which is not remeasured and the settlement is accounted for within equity.

Most of the inputs used are not market observable and are based on estimates derived from available data, such as sales pipelines. The model designed to determine the fair value of the deferred consideration shares uses a combination of logic, forecasts and probability. If different input estimates or models were utilised in the calculation, the resulting fair value determined could be higher or lower, therefore impacting the value of the purchase consideration calculated in the acquisition of the subsidiary.

4 Revenue and Other Income

Revenue from continuing operations

	13 November - 31 December 2017
	\$
Sales revenue	
- Perpetual revenues	58,024
- Setup and support revenues	79,592
- Consultancy and professional services	163,064
Total revenue	300,680

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Notes to the Financial Statements For the Period Ended 31 December 2017

5 Result for the Period

The result for the period includes the following specific expenses:

	13 November - 31 December 2017
Note	\$
Depreciation expense	
- Plant and equipment	478
Total depreciation expense	478
Finance costs:	
- Banks and other third parties	104
Total finance costs	104

6 Income Tax Expense

Reconciliation of income tax to accounting profit:

Profit/(loss) before income tax	(46,458)
Tax at Australian tax rate of 30%	(13,101)
Tax at Overseas tax rate of 20%	(557)
	(13,658)
Add tax effect of:	
- other non-deductible expenses	4,501
- tax losses not brought to account	8,600
Income tax expense	-

Notes to the Financial Statements

For the Period Ended 31 December 2017

7 Acquisition of a Subsidiary - Common Control Transaction

On 14 November 2017, the parent Company acquired a 100% interest of Tymlez Holding B.V. (a company incorporated in Amsterdam, Netherlands) and resulted in Tymlez Group Limited obtaining control of Tymlez Holding B.V..

The following table shows the assets acquired, liabilities assumed and the purchase consideration at the acquisition date.

	Acquiree's Carrying Amount \$
Purchase consideration:	
- Contingent consideration (Deferred consideration shares)	425,886
- Ordinary shares	6,128,000
Total purchase consideration	<u>6,553,886</u>
Assets or liabilities acquired:	
Cash	66,253
Trade receivables	70,895
Plant and equipment	8,949
Intangible assets	896,563
Trade payables	(391,002)
Loans	(853,663)
Total net identifiable assets/(liabilities)	<u>(202,005)</u>
Identifiable assets/(liabilities) acquired and liabilities assumed	<u>(202,005)</u>
Purchase consideration	6,553,886
Less: Identifiable assets acquired	(202,005)
Excess of net assets/(liabilities) over purchase consideration paid recognised as reserve	<u><u>6,755,891</u></u>

Revenue of Tymlez Holding B.V. included in the consolidated revenue of the Group since the acquisition date on 14 November 2017 amounted to \$197,070 with a net loss of \$2,787.

Notes to the Financial Statements

For the Period Ended 31 December 2017

7 Acquisition of a Subsidiary - Common Control Transaction (continued)

Contingent consideration

The Share Purchase Agreement which was executed on 14 November 2017, includes an entitlement for the vendor to be issued deferred consideration shares subject to the following conditions:

Entitlement of Tyhold 2 B.V.

Tranche Shares	No. of Deferred Consideration Shares	Relevant Earn Out Triggers	Relevant Earn Out Period
Initial Tranche	100% of the Total Initial Tranche Shares, rounded up to the nearest whole number	Tymlez Holding B.V. generating Total Revenue of EUR743,000 during the Relevant Earn Out Period	The period commencing on 1 January 2017 and ending 31 December 2017
Tranche 1	2,000,000	Tymlez Holding B.V. generating Total Revenue in excess of A\$3,000,000 during the Relevant Earn Out Period	Not applicable
Tranche 2	2,000,000	Tymlez Holding B.V. generating Total Revenue in excess of A\$5,000,000 during the Relevant Earn Out Period	Not applicable
Tranche 3	2,000,000	Tymlez Holding B.V. generating Total Revenue in excess of A\$10,000,000 during the Relevant Earn Out Period	Not applicable
Tranche 4	2,000,000	Tymlez Holding B.V. generating EBITDA in excess of A\$2,000,000 during the Relevant Earn Out Period	Not applicable

As at 31 December 2017, it was determined that Tymlez Holding B.V. did not meet the conditions for the Initial Tranche. The Group has included a contingent consideration of \$425,886 in the deferred consideration shares reserve (see Note 17) which is the fair value based on probability and a discount rate of 15%.

In determining the accounting treatment to be applied for goodwill, the Directors considered the following:

The company, Tymlez Holding B.V., was controlled by the same owners before and after the acquisition. Therefore, it was assessed that the acquisition of Tymlez Holding B.V. met the definition of a transaction between entities under common control as outlined in AASB 3 *Business Combinations*.

As a "transaction between entities under common control", the acquisition did not meet the definition of a business combination as per AASB 3 *Business Combinations*. As a result, the Company incorporated the assets and liabilities of the entity acquired at their pre-combination carrying amounts without any fair value uplift. This accounting treatment is applied on the basis that there is no substantive change arising from the transaction. No goodwill has been recorded as part of the transaction. Instead, any difference between the cost of the transaction and the carrying value of the net assets acquired is recorded in equity as "Common Control Reserve" (see Note 17).

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Notes to the Financial Statements For the Period Ended 31 December 2017

8 Cash and Cash Equivalents

	Note	2017 \$
Cash at bank		<u>2,025,893</u>
Total cash and cash equivalents	8(a)	<u><u>2,025,893</u></u>

(a) Reconciliation of cash

Cash and cash equivalents reported in the consolidated statement of cash flows are reconciled to the equivalent items in the consolidated statement of financial position as follows:

Cash and cash equivalents	8	<u>2,025,893</u>
Balance as per consolidated statement of cash flows		<u><u>2,025,893</u></u>

9 Trade and Other Receivables

CURRENT

Trade receivables	<u>158,936</u>
	<u>158,936</u>
Taxes and social security	<u>38,132</u>
Funds held in trust	<u>93,008</u>
Other receivables	<u>2,965</u>
Total current trade and other receivables	<u><u>293,041</u></u>

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

(a) Aged analysis

The ageing analysis of receivables is as follows:

0-30 days	<u>157,083</u>
31-60 days	<u>1,853</u>
Total current trade and other receivables	<u><u>158,936</u></u>

Notes to the Financial Statements

For the Period Ended 31 December 2017

10 Property, plant and equipment

	2017 \$
Plant and equipment	
At cost	21,519
Accumulated depreciation	(4,208)
Total plant and equipment	17,311
Total property, plant and equipment	17,311

(a) Movements in carrying amounts of property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial period:

	Plant and Equipment \$	Total \$
Period ended 31 December 2017		
Balance at the beginning of the period	-	-
Additions	8,829	8,829
Additions through common control transaction	8,949	8,949
Depreciation expense	(478)	(478)
Foreign exchange movements	11	11
Balance at the end of the period	17,311	17,311

11 Intangible Assets

	2017 \$
Development costs	
Cost	1,016,479
Total Intangibles	1,016,479

(a) Movements in carrying amounts of intangible assets

	Development costs \$	Total \$
Period ended 31 December 2017		
Balance at the beginning of the period	-	-
Additions	118,818	118,818
Additions through common control transaction	896,563	896,563
Foreign exchange movements	1,098	1,098
Closing value at 31 December 2017	1,016,479	1,016,479

Amortisation will begin in 2018 and the costs will be amortised over 5 years using a straight line basis.

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Notes to the Financial Statements For the Period Ended 31 December 2017

12 Other Assets

	Note	2017 \$
CURRENT		
Subsidy		67,354
Other		18,188
Total current other assets		85,542

13 Trade and Other Payables

CURRENT		
Unsecured:		
Trade payables		198,348
Taxes and social security		309
Sundry payables and accrued expenses		245,689
Share subscription account		20,008
Total current trade and other payables		464,354

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

14 Borrowings

CURRENT		
<i>Unsecured liabilities:</i>		
Related party payables *	25(b)	407,976
Total current borrowings		407,976

* This amount was subsequently settled via a debt to equity swap on 25 January 2018.

15 Other Liabilities

CURRENT		
Nett income		3,712
Amounts received in advance		60,311
Deferred income - Injo Holding BV		18,377
Total current other liabilities		82,400

16 Issued Capital

90,515,100 fully paid ordinary shares	9,051,600
Share issue costs	(191,352)
Total issued capital	8,860,248

Notes to the Financial Statements

For the Period Ended 31 December 2017

16 Issued Capital (continued)

(a) Ordinary shares

	2017 No.
At the beginning of the reporting period	-
Shares issued during the period:	
- Issued to Tyhold 2 BV on incorporation of Company	100
- Issued as consideration for acquisition of Tymlez Holding B.V.	61,280,000
- First round seed capital raising	14,910,000
- Second round seed capital raising	11,070,000
- Conversion of convertible note	2,525,000
- Third round seed capital raising	730,000
At the end of the reporting period	<u>90,515,100</u>

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company. On a show of hands at meetings of the Company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote.

The Company does not have authorised capital or par value in respect of its shares.

(b) Capital Management

The key objectives of the Company when managing capital is to safeguard its ability to continue as a going concern and maintain optimal benefits to stakeholders. The Company defines capital as its equity and net debt.

There has been no change to capital risk management policies during the period.

The Company manages its capital structure and makes funding decisions based on the prevailing economic environment and has a number of tools available to manage capital risk. These include maintaining a diversified debt portfolio, the ability to adjust the size and timing of dividends paid to shareholders and the issue of new shares.

The Board monitors a range of financial metrics including return on capital employed and gearing ratios. A key objective of the Company's capital risk management is to maintain compliance with the covenants attached to the Company's debts. Throughout the period, the Company has complied with these covenants.

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Notes to the Financial Statements For the Period Ended 31 December 2017

17 Reserves

	Note	2017 \$
Foreign currency translation reserve		
Opening balance		-
Exchange differences on translating foreign controlled entities		(249)
Closing balance		<u>(249)</u>
Deferred consideration shares reserve		
Opening balance		-
Acquisition of Tymlez Holding B.V.	7	425,886
Closing balance		<u>425,886</u>
Common control reserve		
Opening balance		-
Acquisition of Tymlez Holding B.V.	7	(6,755,891)
Closing balance		<u>(6,755,891)</u>
Total reserves		<u><u>(6,330,254)</u></u>

(a) Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income - foreign currency translation reserve. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

(b) Deferred consideration shares reserve

The deferred consideration shares reserve records the equity contingent consideration that forms part of the purchase consideration of a business combination. This amount is not remeasured and the settlement is accounted for within equity.

(c) Common control reserve

The common control reserve records any difference between the cost of the transaction and the carrying value of the net assets acquired in a transaction between entities under common control.

18 Accumulated Losses

Accumulated losses at the beginning of the financial period	-
Net profit/(loss) for the period	(46,458)
Accumulated losses at end of the financial period	<u><u>(46,458)</u></u>

Notes to the Financial Statements

For the Period Ended 31 December 2017

19 Cash Flow Information

(a) Reconciliation of result for the period to cashflows from operating activities

	Note	2017 \$
Net profit/(loss) for the period		(46,458)
Non-cash flows in profit:		
- depreciation		478
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables		(222,146)
- (increase)/decrease in other assets		(85,542)
- increase/(decrease) in other liabilities		82,400
- increase/(decrease) in trade and other payables		73,352
Net cash provided by/(used in) operating activities		(197,916)

(b) Non-cash financing and investing activities

Acquisition of subsidiary via the issue of shares	7	6,553,886
Total non-cash financing and investing activities		6,553,886

20 Tax assets and liabilities

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following:

	2017 \$
Unused tax losses for which no deferred tax asset has been recognised	28,668
Potential tax benefit at 30%	8,600

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therein.

21 Auditors' Remuneration

	13 November - 31 December 2017 \$
Remuneration of the auditor HLB Mann Judd, for:	
- auditing or reviewing the financial statements	10,000
	10,000
Remuneration of other auditors of subsidiaries for:	
- auditing or reviewing the financial statements of subsidiaries *	47,510
	47,510
Total auditors' remuneration	57,510

* The audit fee of EUR31,042 (A\$47,510) relates to the audit of the Tymlez Holding B.V. group for 2 years.

Notes to the Financial Statements

For the Period Ended 31 December 2017

22 Financial Risk Management

The Group's principal financial instruments comprise of trade receivable, trade payables, borrowings and cash at bank. The main purpose of holding these instruments is to invest surplus members' funds in order to maximise returns while not exposing the Group to high levels of risk.

This note presents information about the Group's exposure to financial instrument risks, its objectives, policies and processes for measuring and managing risk.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2017 \$
Financial Assets		
Cash and cash equivalents	8	2,025,893
Loans and receivables	9	254,909
Total financial assets		<u>2,280,802</u>
Financial Liabilities		
Financial liabilities at amortised cost:		
- Trade and other payables	13	464,045
- Borrowings	14	407,976
Total financial liabilities		<u>872,021</u>

Objectives, policies and processes

The Board of Directors has overall responsibility for the establishment and oversight of the Group's financial risk management framework. This includes the development of policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and the use of derivatives.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The day-to-day risk management is carried out by the Group's finance function under policies and objectives which have been approved by the Board of Directors. The Chief Financial Officer has been delegated the authority for designing and implementing processes which follow the objectives and policies. This includes monitoring the levels of exposure to interest rate and foreign exchange rate risk and assessment of market forecasts for interest rate and foreign exchange movements.

The Board of Directors receives monthly reports which provide details of the effectiveness of the processes and policies in place.

It is, and has been throughout the period under review, the Group's policy that no trading of financial instruments shall be undertaken. The main risks arising from holding these financial instruments are foreign exchange risk, interest rate risk, liquidity risk and credit risk. Mitigation strategies for specific risks faced are described below:

Notes to the Financial Statements

For the Period Ended 31 December 2017

22 Financial Risk Management (continued)

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities as and when they fall due. The Group maintains cash and marketable securities to meet its liquidity requirements for up to 30-day periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business.

Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day period are identified monthly.

At the reporting date, these reports indicate that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will not need to draw down any of the financing facilities.

The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward. The amounts disclosed in the table are the undiscounted contracted cash flows and therefore the balances in the table may not equal the balances in the consolidated statement of financial position due to the effect of discounting.

The Group's liabilities have contractual maturities which are summarised below:

	Not later than 1 month 2017 \$	1 to 3 months 2017 \$	3 months to 1 year 2017 \$	1 to 5 years 2017 \$	Total 2017 \$
Trade and other payables	464,045	-	-	-	464,045
Related party payables	407,976	-	-	-	407,976
Total	872,021	-	-	-	872,021

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group.

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposure to wholesale and retail customers, including outstanding receivables and committed transactions.

The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The utilisation of credit limits by customers is regularly monitored by line management. Customers who subsequently fail to meet their credit terms are required to make purchases on a prepayment basis until creditworthiness can be re-established.

Notes to the Financial Statements

For the Period Ended 31 December 2017

22 Financial Risk Management (continued)

Credit risk (continued)

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Board receives monthly reports summarising the turnover, trade receivables balance and aging profile of each of the key customers individually and the Group's other customers analysed by industry sector as well as a list of customers currently transacting on a prepayment basis or who have balances in excess of their credit limits.

Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties.

On a geographical basis, the Group has significant credit risk exposures in Australia and Netherlands given the substantial operations in those regions.

The following table details the Group's trade and other receivables exposure to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled, within the terms and conditions agreed between the Group and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there is objective evidence indicating that the debt may not be fully repaid to the Group.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

	Past due but not impaired (days overdue)						Within initial trade terms
	Gross amount	Past due and impaired	< 30	31-60	61-90	> 90	
	\$	\$	\$	\$	\$	\$	\$
2017							
Trade and other receivables	254,909	-	-	-	-	-	254,909
Total	254,909	-	-	-	-	-	254,909

The Group does not hold any financial assets with terms that have been renegotiated, but which would otherwise be past due or impaired.

The other classes of receivables do not contain impaired assets.

Notes to the Financial Statements

For the Period Ended 31 December 2017

22 Financial Risk Management (continued)

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

(i) Interest rate risk

The Group is exposed to interest rate risk as surplus funds are invested at floating rates. Borrowings are non-interest bearing and does not create any interest rate risk.

The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing. Longer-term borrowings are therefore usually at fixed rates. At the reporting date, the Group is exposed to changes in market interest rates through its bank deposits, which are subject to variable interest rates.

	2017
	\$
Floating rate instruments	
Cash at bank	<u>2,025,893</u>
Total floating rate instruments	<u><u>2,025,893</u></u>

The following table illustrates the sensitivity of the net result for the period and equity to a reasonably possible change in interest rates of +0.10% and -0.10%, with effect from the beginning of the period. These changes are considered to be reasonably possible based on observation of current market conditions and economist reports.

The calculations are based on the financial instruments held at each reporting date. All other variables are held constant.

	2017	
	+0.10%	-0.10%
	\$	\$
Net results	272	(272)
Equity	272	(272)

Notes to the Financial Statements

For the Period Ended 31 December 2017

22 Financial Risk Management (continued)

Financial instrument composition and maturity analysis

The Group's exposure to interest rate risk, which is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates of classes of financial assets and financial liabilities, is as follows:

	Weighted Average Effective Interest Rate	Floating Interest Rate	Within 1 Year	1 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
	2017	2017	2017	2017	2017	2017	2017
	%	\$	\$	\$	\$	\$	\$
Financial Assets:							
Cash and cash equivalents	-	2,025,893	-	-	-	-	2,025,893
Trade and other receivables	-	-	-	-	-	254,909	254,909
Total financial assets	-	2,025,893	-	-	-	254,909	2,280,802
Financial Liabilities:							
Trade and other payables	-	-	-	-	-	464,045	464,045
Related party loans	-	-	-	-	-	407,976	407,976
Total financial liabilities	-	-	-	-	-	872,021	872,021

(ii) Foreign exchange risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group.

Exposures to currency exchange rates arise from the Group's overseas operations, hence sales and purchases, which are primarily denominated in Euro.

The Group does not hedge nor apply hedge accounting. The implications of this decision are that unrealised foreign exchange gains and losses are recognised in profit and loss in the period in which they occur.

Generally, the Group's risk management procedures distinguish short-term foreign currency cash flows (due within 6 months) from longer-term cash flows. Where the amounts to be paid and received in a specific currency are expected to largely offset one another, no further hedging activity is undertaken.

Notes to the Financial Statements

For the Period Ended 31 December 2017

22 Financial Risk Management (continued)

Foreign currency denominated financial assets and liabilities, translated into Australian Dollars at the closing rate, are as follows:

	Euro	AUD	Total AUD
	\$	\$	\$
2017			
Nominal amounts			
Financial assets	1,932,612	348,190	2,280,802
Financial liabilities	(235,840)	(636,181)	(872,021)
Short-term exposure	1,696,772	(287,991)	1,408,781

The following table illustrates the sensitivity of the net result for the period and equity in regards to the Group's financial assets and financial liabilities and the Euro – Australian Dollar exchange rate.

It assumes a +/- 0.65% change of the Australian Dollar / Euro exchange rate for the period ended 31 December 2017. This percentage has been determined based on the average market volatility in exchange rates in the previous 12 months.

The period end rate is 0.65 Euro.

The sensitivity analysis is based on the foreign currency financial instruments held at the reporting date.

If the Australian Dollar had strengthened and weakened against the Euro by 0.65%, then this would have had the following impact:

	2017	
	+0.65%	-0.65%
Euro		
Net results	(11,030)	11,027
Equity	(11,030)	11,027

Exposures to foreign exchange rates vary during the period depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to foreign currency risk.

Net Fair Values

Fair value estimation

The fair values of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The carrying value less impairment provision of trade receivables and payables is a reasonable approximation of their fair values due to the short-term nature of trade receivables and payables. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. None of the Group's financial instruments are revalued at fair value post initial recognition.

Notes to the Financial Statements

For the Period Ended 31 December 2017

22 Financial Risk Management (continued)

Net Fair Values (continued)

Fair value hierarchy

The fair value of financial instruments carried at fair value have been classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The levels of the hierarchy are as follows:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs)

At 31 December 2017, none of the Group's financial instruments were recorded at fair value subsequent to initial recognition.

23 Key Management Personnel Remuneration

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity are considered key management personnel.

The names of directors who have held office during the financial period are outlined in the Directors' Report. In addition, Mr Jitze Jongsma (Chief Financial Officer), acts in a capacity which meets the definition of key management personnel.

Key management personnel remuneration included within employee expenses for the period is shown below:

	13 November - 31 December 2017
	\$
Short-term employee benefits	82,477
Total key management personnel remuneration	82,477

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Notes to the Financial Statements For the Period Ended 31 December 2017

24 Interests in Subsidiaries

Composition of the Group

	Principal place of business / Country of Incorporation	Percentage Owned (%) [*] 2017
Subsidiaries:		
Tymlez Holding B.V.	Netherlands	100
Tymlez GmbH **	Germany	100
Tymlez Properties B.V.	Netherlands	100
Tymlez B.V.	Netherlands	100

* The percentage of ownership interest held is equivalent to the percentage voting rights for all subsidiaries.

** For the period ended 31 December 2017, Tymlez GmbH remained dormant.

25 Related Parties

(a) The Group's main related parties are as follows:

Subsidiaries - refer to Note 24.

Key management personnel - refer to Note 23.

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

(b) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

	Expenses \$	Revenue \$	Balance outstanding	
			Owed to the Company \$	Owed by the Company \$
KMP related parties				
Loan from Tyhold 2 B.V.	-	-	-	407,976
Subsidiaries				
Loan to Tymlez Holding B.V.	-	16,824	2,976,568	-

Notes to the Financial Statements

For the Period Ended 31 December 2017

26 Leasing Commitments

Operating Leases

	2017
	\$
Minimum lease payments under non-cancellable operating leases:	
- not later than one year	39,971
- between one year and five years	-
- later than five years	-
Total minimum lease payments	<u>39,971</u>

Operating leases were in place for the following:

- The Group's head office at The Hague, Netherlands which expires on 31 July 2018. Following the expiry of this lease, the Group has decided not to extend the lease and instead, commence a new lease at a new location in Amsterdam, Netherlands from 1 August 2018.
- The Group's office for its German operations at Ladenburg, Germany which expires on 28 February 2018. Following the expiry of this lease, the Group has decided not to extend the lease and instead, commence a new lease at a new location in Weinheim, Germany from 15 February 2018.

27 Contingencies

Contingent Liabilities

The Group had the following contingent liabilities at the end of the reporting period:

Peak Asset Management Pty Ltd Capital Raising Mandate

Peak Asset Management Pty Ltd ("Peak") has been appointed as the lead broker/manager to assist in an offer to raise capital for a seed round as well as an Initial Public Offering ("IPO") to raise funds under an approved prospectus in conjunction with the Company's proposed admission to the Official List of the Australian Securities Exchange ("ASX"). Peak will assist with corporate and investor relations and financial advice. As part of the terms of Peak's engagement, the Company has agreed to issue performance shares to Peak upon achievement of certain milestones. The conditions and issuance of such performance shares are indicative only and will be subject to final ASX approval. The performance shares will be issued in four tranches and the milestones that are required to be achieved are as follows:

- (1) 1,000,000 performance shares issued to Peak which shall convert into ordinary shares on a 1 for 1 basis if the market capitalisation of the Company is greater than AUD\$50,000,000;
- (2) 1,000,000 performance shares issued to Peak which shall convert into ordinary shares on a 1 for 1 basis if the market capitalisation of the Company is greater than AUD\$75,000,000;
- (3) 1,000,000 performance shares issued to Peak which shall convert into ordinary shares on a 1 for 1 basis if the market capitalisation of the Company is greater than AUD\$150,000,000; and
- (4) 1,000,000 performance shares issued to Peak which shall convert into ordinary shares on a 1 for 1 basis if the market capitalisation of the Company is greater than AUD\$250,000,000.

If, for any reason, the ASX requires any amendments or variations to the terms of the performance shares to be issued, the Company and Peak agree to work together in good faith to revise the terms of the performance shares such that Peak will receive performance shares on comparable terms and milestones.

As at 31 December 2017, the Board has assessed the probability of Peak meeting the stated milestones to be remote and no provision was recognised in the accounts as a result.

Notes to the Financial Statements

For the Period Ended 31 December 2017

28 Events Occurring After the Reporting Date

The consolidated financial report was authorised for issue on 22 August 2018 by the board of directors.

On 25 January 2018, pursuant to an agreement where Tyhold 2 B.V. (a director-related entity) assigned a debt payable to it by Tymlez Holding B.V. of EUR 265,696 (approximately A\$412,413) to the Company, the loan of the amount A\$412,413 provided by Tyhold 2 B.V. to the Company, was converted into 4,124,133 fully paid ordinary shares in the Company as settlement of the loan.

On 30 January 2018, the Company accepted share applications from seed investors and issued a total of 790,000 ordinary shares in the Company at \$0.10 per share.

On 11 July 2018, Mr Rodney Hannington was appointed as a director and non-executive chairman of the Company. Details of Rodney's qualifications and experience is included under "Information on Directors" above.

On 30 July 2018, a debt of \$210,487.60 (including GST) due to the Company's lead broker/manager, Peak Asset Management Pty Ltd ("Peak"), was converted at A\$0.10 per share into 2,104,876 ordinary shares and issued to Peak as settlement of the outstanding debt.

In July and August 2018, the Company issued convertible notes totalling A\$700,000 to existing shareholders. Interest of 5% per annum will be payable on the notes and these notes will be convertible into ordinary shares at A\$0.15 per share.

Except for the above, no other matters or circumstances have arisen since the end of the financial period which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

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Notes to the Financial Statements For the Period Ended 31 December 2017

29 Parent entity

The following information has been extracted from the books and records of the parent, Tymlez Group Limited and has been prepared in accordance with Accounting Standards.

The financial information for the parent entity, Tymlez Group Limited has been prepared on the same basis as the consolidated financial statements except as disclosed below.

Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the consolidated financial statements of the parent entity. Dividends received from associates are recognised in the parent entity profit or loss, rather than being deducted from the carrying amount of these investments.

	2017 \$
Statement of Financial Position	
Assets	
Current assets	3,324,758
Non-current assets	<u>6,553,886</u>
Total Assets	<u><u>9,878,644</u></u>
Liabilities	
Current liabilities	<u>636,181</u>
Total Liabilities	<u><u>636,181</u></u>
Equity	
Issued capital	8,860,248
Accumulated losses	(43,671)
Deferred consideration shares reserve	<u>425,886</u>
Total Equity	<u><u>9,242,463</u></u>
Statement of Profit or Loss and Other Comprehensive Income	
Total profit or loss for the year	<u>(43,671)</u>
Total Comprehensive Income	<u><u>(43,671)</u></u>

Guarantees

There were no financial guarantees held by the parent entity as at 31 December 2017.

Contingent liabilities

The parent entity did not have any contingent liabilities as at 31 December 2017 other than those outlined in Note 27.

Contractual commitments

The parent entity did not have any commitments as at 31 December 2017.

Tymlez Group Limited

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Notes to the Financial Statements **For the Period Ended 31 December 2017**

30 Statutory Information

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

Tymlez Group Limited
c/o Moray & Agnew
Level 6, 505 Little Collins Street
Melbourne VIC 3000

The principal place of business is:

Tymlez Group Limited
Unit 1B
Level 1, 2015 Johnston Street
Fitzroy VIC 3065

Directors' Declaration

The directors of the Company declare that:

1. the consolidated financial statements and notes for the year ended 31 December 2017 are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards, which, as stated in basis of preparation Note 1 to the consolidated financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
 - b. give a true and fair view of the financial position and performance of the consolidated group;
2. 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, based on the factors outlined in Note 2(p).

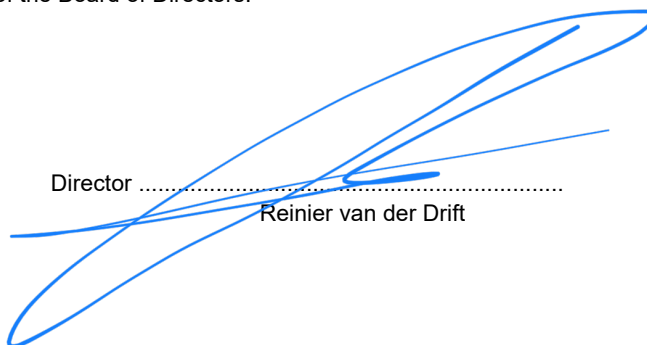
This declaration is made in accordance with a resolution of the Board of Directors.

Director



Michael Reh

Director



Reinier van der Drift

Dated this 22nd day of August 2018

Independent Auditor's Report to the Members of Tymlez Group Limited**REPORT ON THE AUDIT OF THE FINANCIAL REPORT****Opinion**

We have audited the financial report of Tymlez Group Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- a) giving a true and fair view of the Group's financial position as at 31 December 2017 and of its financial performance for the period then ended; and
- b) 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 Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Material Uncertainty Regarding Going Concern

We draw attention to Note 2 (p) in the financial report, which indicates that the Group incurred a net loss of \$46,458 during the period ended 31 December 2017 and, the Group has prepared a cash flow forecast which indicates that the Group does not have sufficient cash to meet its minimum expenditure commitments and support its current level of corporate overheads and growth. As stated in Note 2 (p), these events or conditions 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.

HLB Mann Judd (VIC Partnership)

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Email: mailbox@hlbvic.com.au | Website: www.hlbvic.com.au

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HLB Mann Judd (VIC Partnership) is a member of  International. A world-wide network of independent accounting firms and business advisers.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's financial statements for the period ended 31 December 2017 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 accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group 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 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 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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.

A handwritten signature in blue ink, appearing to read 'HLB Mann Judd'.

HLB Mann Judd
Chartered Accountants

Melbourne
22 August 2018

A handwritten signature in blue ink, appearing to be 'Jude Lau'.

Jude Lau
Partner