

14 November 2017

Company Announcements Office
ASX Limited

By E-Lodgement

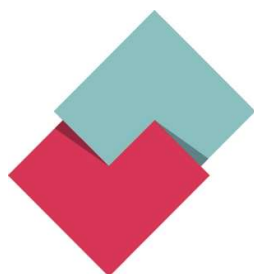
Financial Statements and MD&A

Kabuni Limited (ASX:KBU) (“the Company”) provides its financial results and related management’s discussions and analysis for the three months ended 30 September 2017 and 30 September 2016, to be filed with the British Columbia Securities Commission.

Additional information relating the Company and its business is available under the Company’s profile on SEDAR at www.sedar.com.

For and on behalf of the Board

Brett Tucker
Company Secretary
p: + 61 8 9482 0555



kabuni

Condensed Consolidated Interim Financial Statements
Of
KABUNI LIMITED

For the Three Months Ended September 30, 2017
and the Three Months Ended September 30, 2016

(Expressed in Australian dollars)
(Unaudited)

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

PREPARED BY MANAGEMENT

The accompanying condensed consolidated interim financial statements of Kabuni Ltd., comprised of the Condensed Consolidated Interim Statement of Financial Position as at September 30, 2017 and the Condensed Consolidated Interim Statements of Loss and Comprehensive Loss, Statements of Cash Flows and Statements of Changes in Equity for the three months ended September 30, 2017 and the three months ended September 30, 2016 are the responsibility of the Company's management. The independent external auditors of the Company have not reviewed these financial statements.

CONTENTS	PAGE
Consolidated Statement of Profit or Loss and Other Comprehensive Income	4
Consolidated Statement of Financial Position	5
Consolidated Statement of Changes in Equity	6
Consolidated Statement of Cash Flows	7
Notes to the Consolidated Financial Statements	8-32

Kabuni Ltd.

Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income

For the period ended September 30, 2017 (*unaudited*)

		3 months ended September 30, 2017	Restated 3 months ended September 30, 2016
	Note	\$	\$
<u>Continuing Operations</u>			
Revenue		1,298	-
Selling expenses		-	-
Gross Profit		1,298	-
Operating expenses			
Depreciation of tangible assets	9	-	-
Depreciation and Amortization	10	-	-
Insurance		5,530	4,516
Professional and consulting services		99,693	45,835
Rent and Outgoings		-	-
Salaries, Director's fees, bonus and benefits		12,000	20,417
Total operating expenses		(117,043)	(70,768)
Net (Loss) from continuing operations		(115,745)	(70,768)
Share-based payments	15	-	(63,049)
Finance Costs		(363)	(4,061)
Listing Fees		(31,281)	-
Unrealized exchange gain		-	(10,972)
Realized exchange loss		-	5,805
Other income		414	626
Total (Loss) from continuing operations		(146,975)	(142,419)
<u>Discontinued Operations</u>			
Loss from discontinuing operations	8	(172,888)	(1,375,970)
Total (Loss) attributable to owners		(319,863)	(1,518,389)
Other comprehensive loss			
Exchange (loss) / gain on translation of foreign operations		(42,523)	(50,783)
Total (loss) and comprehensive (loss) for the year		(362,386)	(1,569,172)
Loss per share			
- basic and diluted	18	(0.02)	(0.01)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Kabuni Ltd.

Condensed Consolidated Interim Statement of Financial Position As at September 30, 2017 (*unaudited*)

	Note	Sept 30, 2017 \$	June 30, 2017 \$
Current assets			
Cash and cash equivalents	5	267,585	134,352
Trade and other receivables	6	12,735	4,902
Prepaid expenses and deposits	7	31,000	31,350
Assets held for sale	8	324,573	548,309
Total current assets		635,893	718,913
Non-current assets			
Property and equipment	9	-	-
Intangible Assets	10	-	-
Total non-current assets		-	-
Total assets		635,893	718,913
Current liabilities			
Trade and other payables	11	448,081	149,033
Loans payable	12	-	-
Non-current liabilities related to assets held for sale	8	201,051	258,133
Total liabilities		649,132	407,166
Net assets		(13,239)	311,747
Equity			
Issued share capital	13	20,116,448	20,116,448
Reserves	14	4,295,916	4,295,916
Accumulated losses	16	(24,378,703)	(24,058,840)
Foreign currency translation reserve	14	(46,900)	(41,777)
Total equity		(13,239)	311,747

Nature and continuance of operations (Note 1)
Commitments (Note 20)
Subsequent events (Notes 22)

Approved on behalf of the Board of Directors:

(s/Stuart Carmichael)
Stuart Carmichael, Non-Executive Chairman

(s/Colm O'Brien)
Colm O'Brien, Director

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Kabuni Ltd.

Consolidated Statement of Changes in Equity

For the period ended September 30, 2017

	Note	Issued Share Capital	Accumulated losses	Share-based Payments / Performance Share Reserve	Foreign exchange translation reserve	Total
		\$	\$	\$	\$	\$
Balance as at June 30, 2016		17,338,533	(18,954,453)	4,132,432	28,232	2,544,744
Balance at July 1, 2016		17,338,533	(18,954,453)	4,132,432	28,232	2,544,744
Issue of shares	13	3,000,625	-	-	-	3,000,625
Share issue costs	13	(222,710)	-	-	-	(222,710)
Issue of listed options	14(b)	-	-	15,000	-	15,000
Issue of share options	14(b)	-	-	148,484	-	148,484
Loss for the year	16	-	(5,104,387)	-	-	(5,104,387)
Cumulative translation adjustment		-	-	-	(70,009)	(70,009)
Balance as at June 30, 2017		20,116,448	(24,058,840)	4,295,916	(41,777)	311,747
Balance at July 1, 2017		20,116,448	(24,058,840)	4,295,916	(41,777)	311,747
Loss for the period	16	-	(319,863)	-	-	(319,863)
Cumulative translation adjustment		-	-	-	(5,123)	(5,123)
Balance as at September 30, 2017		20,116,448	(24,378,703)	4,295,916	(46,900)	(13,239)

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Kabuni Ltd.

Consolidated Statement of Cash Flows

For the period ended September 30, 2017

	Note	September 30, 2017 \$	September 30, 2016 \$
Cash flows from operating activities			
Loss for the period		(319,863)	(1,518,389)
Adjustments for:			
Depreciation		25,737	38,929
Share-based payments		-	63,049
Movements in working capital			
Receivables		7,833	27,897
Prepaid expenses and deposit		350	25,740
Accounts payable and accrued liabilities		299,099	81,111
Net cash used in operating activities		13,153	(1,281,663)
Cash flows from investing activities			
Acquisition/Disposal of intangible assets		-	-
Acquisition/Disposal of property and equipment		-	(38,152)
Net cash (used in) / provided by investing activities		-	(38,152)
Cash flows from financing activities			
Proceeds from options issue		-	-
Proceeds from issue of shares/options		-	-
Share issue costs		-	(3,846)
Net cash provided by / (used in) financing activities		-	(3,846)
Change in cash and cash equivalents during the period		13,153	(1,323,661)
Cash and cash equivalents, beginning of the period		204,267	1,958,734
Impact of exchange rate changes on cash and cash equivalents		47,811	(24,576)
Cash and cash equivalents, end of the period		265,234	610,497

Cash and Cash Equivalents at September 30, 2017 as follows:

		September 30, 2017 \$	September 30, 2016 \$
Cash and cash equivalents continuing operations (Note 5)	5	267,585	610,497
Cash and cash equivalents classified as held for sale (Note 8)	5	(2,351)	-
Cash and cash equivalents, end of the period		265,234	610,497

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

**Notes to the Condensed Consolidated Interim Financial Statements***for the period ended September 30, 2017**(expressed in Australian dollars)***1. Nature and continuance of operations**

Kabuni Ltd. ("Kabuni" or "the Company"; formerly Magnolia Resources Limited) was incorporated on May 11, 2012 under the *Corporation Act 2001* of Australia. Kabuni is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange ("ASX") under the symbol KBU.

Kabuni is an online membership platform within the Interior Design industry. Its platform Design Campus enables members to subscribe to design courses that feature relevant training content, including courses accredited by both the Interior Design Continuing Education Counsel (IDCEC) and the Architects Institute of America (AIA).

The Company's registered office is at Ground Floor, 16 Ord Street, West Perth, Western Australia, 6005, Australia.

Going concern

These consolidated financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business. For the period ended September 30, 2017, the Company and its consolidated entities have a negative net working capital of \$(13,239) and accumulated deficit of \$24,378,703.

The company's continued operations are reliant on the successful raising of additional funding through developing and leveraging its Design Campus platform.

No provision has been made in these consolidated financial statements for any adjustments to the net recoverable value of assets should the Company not be able to continue as a going concern. If the going concern assumption was not used, then the adjustments required to report the Company's assets and liabilities on a liquidation basis could be material to these consolidated financial statements.

2. Reverse takeover transaction ("RTO")

On August 25, 2015, the Company completed its acquisition of 100% of Kabuni Technologies Inc., formerly named PDT Technologies Inc. ("Kabuni Tech.").

Under the sale share agreement ("SSA") 100% of the share capital of Kabuni Tech. was sold for the following consideration:

- (a) 38,376,819 fully paid ordinary shares of the Company, consisting of:
 - i. 25,550,000 shares to shareholders of Kabuni Tech.;
 - ii. 10,026,818 shares to other shareholders of Kabuni Tech.; and
 - iii. 2,800,001 shares to certain creditors of Kabuni Tech. to settle outstanding payables.
- (b) 4,257,547 shares to corporate advisors of Kabuni Tech. who introduced and facilitated the transaction.
- (c) 15,523,810 shares to holders of Kabuni Tech.'s convertible loan payable.
- (d) 37,463,826 performance shares to directors, employees and advisors which will automatically convert into shares upon satisfaction of certain milestones.

The 2,800,001 shares issued to certain creditors of Kabuni Tech. were issued to settle outstanding payables in the amount of Canadian \$560,000. The Company recognized a loss on settlement of accounts payable of \$124,198 during the year ended June 30, 2016, which related to the difference between the fair value of the share issued by Magnolia and the debt settled.

The 15,523,810 shares issued to holders of Kabuni Tech.'s convertible debt were issued to settle outstanding debt in the amount of \$1,420,000. The Company recognized a loss on settlement of convertible debt of \$47,668 during the year ended June 30, 2016, which related to the difference between the fair value of the share issued by Magnolia and the debt settled.

**KABUNI LTD****Notes to the Condensed Consolidated Interim Financial Statements***for the period ended September 30, 2017**(expressed in Australian dollars)***2. Reverse takeover transaction ("RTO") (continued)**

The acquisition of Kabuni Tech. resulted in the shareholders of Kabuni Tech. obtaining control of the merged entity. In addition, the board of directors of the merged entity was restructured such that two of the Company's three directors stepped down and were replaced by Kabuni Tech's nominees. A nominee of Kabuni Tech. serves as the Managing Director and the Kabuni Tech. management team has assumed responsibility for the management of the merged entity.

Consequently, the transaction is considered a reverse take-over ("RTO"). Since the Company has become a dormant public shell, the Company does not meet the definition of a business and the acquisition is accounted for as a purchase of the Company's net assets. The purchase consideration is determined as an equity-settled share-based payment, under AASB 2, Share-based Payments, at the fair value of the equity instruments retained by the shareholders of the Company, based on the market value of the Company's ordinary shares on the date of the closing of the RTO.

The application of the RTO guidance has resulted in the Company (the legal parent) being accounted for as the subsidiary and Kabuni Tech. (the legal subsidiary) being accounted for as the parent entity.

As Kabuni Tech. is deemed to be the acquirer for accounting purposes, its assets, liabilities and operations since incorporation are included in these consolidated financial statements at their historical carrying value. The Company's results of operations have been included from the date of the RTO. The legal capital of the entity continues to be that of the Company, the legal parent.

Net asset acquired:

Cash and cash equivalents	\$	2,815,998
Receivables		58,616
Other assets		5,000
Due from Kabuni Tech.		750,000
Accounts payable and accrued liabilities		(490,755)
	\$	3,138,859

Purchase price of equity:

36,001,000 ordinary shares at \$0.20 per share	\$	7,200,200
Finders Fees'		
Advisor shares (4,257,547 ordinary shares)		811,509
Additional shares to a director (666,666 ordinary shares)		133,333
Performance shares		3,879,716
	\$	12,024,758

Cost of public listing	\$	8,885,899
-------------------------------	-----------	------------------

The transaction was measured at the fair value of the shares that Kabuni Tech. would have had to issue to shareholders of the Company to give shareholders of the Company the same percentage equity interest in the combined entity that results from the reverse acquisition had it taken the legal form of Kabuni Tech. acquiring the Company. The fair value of the ordinary shares was determined based on the share value in the concurrent public offer which was \$0.20 (Note 13).

During the year ended June 30, 2016, a listing fee of \$8,885,899 was charged to the statement of profit or loss and other comprehensive income as a listing expense to reflect the difference between the fair value of the amount paid (being the number of ordinary shares retained by the original shareholders of the Company and finders' fee shares) and the fair value of the net assets received from the Company in accordance with in AASB 2 Share-based Payments.

**Notes to the Condensed Consolidated Interim Financial Statements***for the period ended September 30, 2017**(expressed in Australian dollars)*

3. Basis of presentation**(a) Statement of compliance**

These general purpose financial statements have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The financial report is presented in Australian dollars. These consolidated financial statements were authorized for issue by the Board of Directors on **November 10, 2017**.

(b) Basis of measurement and use of estimates and judgements

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments carried at fair value, and are presented in Australian dollars ("AUD"). The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the year. These estimates are, by their nature, uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the year in which the estimate is revised and future years if the revision affects both current and future years. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the reporting date that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- the valuation of share-based payments and performance shares issued;
- determination of the purchase price of the Company (Note 2);
- the recognition and recoverability of deferred tax assets;
- the assumptions used to measure the fair value of the debt and equity components of convertible debentures;
- the assumptions used to value the derivative liability arising on the convertible debentures;
- assessment of whether there is an indication that an asset may be impaired and making an estimate of the asset's recoverable amount; and
- assessment of the recoverability of loans and other receivables.

**4. Significant Accounting Policies**

The consolidated financial statements are prepared on the historical cost convention. The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise indicated.

The accounting policies have been applied consistently by the Company and its entities.

(a) Basis of consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Kabuni Ltd) and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it 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 over the entity. A list of the subsidiaries is provided in Note 22.

Subsidiaries are fully consolidated from the date on which control is acquired.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

(b) Foreign currency translation**(i) Functional and presentation currency**

Items included in the financial statements of each Group company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional and presentation currency of Kabuni Limited is Australian dollars. The functional currency of the Canadian subsidiary is the Canadian dollar. The functional currency of the USA subsidiary is the United States dollar. The functional currency of the Indian subsidiary is the Indian rupee.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at balance date exchange rates are recognised in profit or loss.

(iii) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Australian dollars at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation purposes are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.



4. Significant Accounting Policies (continued)**(c) Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand and highly liquid investments with maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value.

(d) Leases

Leases of property, plant and equipment where the Group as lessee has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short term and long term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term. Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight line basis over the lease term. The respective leased assets are included in the balance sheet based on their nature. The Group currently has no leases.

(e) Plant and equipment

Equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation of the assets' cost less residual value is computed using the straight-line method over the estimated useful lives of the assets.

Office furniture	5 years
Computer equipment	3 years
Leasehold improvements	Term of the lease

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting year, with the effect of any changes in estimates accounted for on a prospective basis. The determination of appropriate useful lives and residual values are based on management's judgement; therefore the resulting depreciation is subject to estimation uncertainty.

Items of equipment are derecognized upon disposal or when no future economic benefits are expected to arise from their continued use. Any gain or loss arising from disposal or retirement is determined as the difference between the consideration received and the carrying amount of the asset and is recognized in profit or loss.

(f) Financial Instruments**(i) Initial recognition and measurement**

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized in profit or loss when incurred.



4. Significant Accounting Policies (continued)

(f) Financial Instruments (continued)

(ii) Classification and subsequent measurement

The Company classifies its financial instruments into one of the following categories at initial recognition based on the nature and purpose of the instrument:

Assets

- fair value through profit or loss
- held-to-maturity
- loans and receivables
- available for sale

Liabilities

- fair value through profit or loss
- other liabilities

Fair value through profit or loss

Financial assets and liabilities are classified as fair value through profit or loss when the financial asset or liability is held for trading or is designated as fair value through profit or loss upon initial recognition.

A financial asset or liability is classified as held for trading if:

- it has been acquired or incurred principally for the purpose of selling or repurchasing in the near future;
- it is part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets and liabilities classified as fair value through profit or loss, which includes cash and cash equivalents, bank indebtedness and derivative liability are stated at fair value with any gains or losses arising on re-measurement recognized in profit or loss.

Available for sale financial assets

Available for sale financial assets are non-derivatives that are either designated as available for sale or are not classified in any of the other asset categories. The Company has no assets classified as available for sale.

Available for sale financial assets are stated at fair value. Changes in the fair value of monetary available for sale assets resulting from foreign exchange gains and losses, interest income calculated using the effective interest method and dividends are all recognized in profit or loss; all other changes in fair value are recognized in other comprehensive income. When an available for sale asset is derecognized, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

Held-to-maturity, loans and receivables, and other liabilities

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Company has the intent and ability to hold to maturity; the Company currently has no held-to-maturity assets. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and includes receivables. Other financial liabilities include accounts payable and accrued liabilities, and loans payable.

Subsequent to initial recognition, these financial instruments are measured at amortized cost using the effective interest method less any impairment. The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating interest income or expense over the relevant year using the effective interest rate. The effective interest rate is the rate that exactly discounts estimated future cash flows (including all fees, transaction costs and other premiums or discounts that form an integral part of the effective interest rate) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount on initial recognition.



4. Significant Accounting Policies (continued)**(f) Financial Instruments (continued)****(iii) Derecognition**

Financial assets are derecognized when the contractual rights to receive cash flows from the assets have expired or were transferred and the Company has transferred substantially all risks and rewards of ownership to another entity. Financial liabilities are derecognized when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in the consolidated statement of comprehensive loss.

(g) Impairment**(i) Non-financial assets**

The Company's equipment and intangible assets, if any, are reviewed for indicators of potential impairment at the end of each reporting year. Such indicators may include an adverse change in business climate, technology, or regulations that impact the industry. The determination of whether such indicators exist requires significant judgment.

If indication of impairment exists, the asset's recoverable amount is estimated to determine the extent of an impairment loss, if any. For an asset that does not generate largely independent cash inflows or for which it is not possible to estimate the recoverable amount, the recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The recoverable amount of an asset or CGU is the greater of fair value less costs to sell and value in use. The determination of the recoverable amount in the impairment assessment requires estimates based on quoted market prices, prices of comparable transactions, present value or other valuation techniques or a combination thereof, necessitating management to make subjective judgments and assumptions. When calculating an asset's value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the cash flows have not been adjusted.

An impairment loss is recognized when the carrying amount of an asset, or CGU, exceeds its recoverable amount. Impairment losses are recognized in profit or loss for the year. An impairment loss recognized in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, if any, and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis. The Company has no goodwill balance for any of the reporting years presented.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. The reversal of an impairment loss is recognized immediately in profit or loss.

(ii) Financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting year. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been negatively affected. The determination of whether such indicators exist requires significant judgment.

Objective evidence of impairment could include the following:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments;
- it has become probable that the borrower will enter bankruptcy or financial reorganization;
- the disappearance of an active market for the security; and
- significant or prolonged decline in the fair value of an available for sale equity instrument below its cost.

**4. Significant Accounting Policies (continued)****(g) Impairment (continued)**

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate. The carrying amount of the asset is directly reduced by the impairment loss with the exception of trade receivables. The carrying amount of trade receivables is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

Impairment losses on available for sale assets are recognized by transferring the cumulative loss that has been recognized in other comprehensive income, and presented in unrealized gains/losses in equity, to profit or loss.

With the exception of available for sale equity instruments, if, in a subsequent year, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss. On the date of impairment reversal, the carrying amount of the financial asset cannot exceed its amortized cost had impairment not been recognized. Impairment losses recognized in profit or loss on available for sale equity instruments cannot be reversed.

(h) Revenue recognition

Revenue from rendering goods and services is measured at the fair value of consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is earned primarily from subscriptions from the websites members. Revenues for membership are paid in advance and will be deferred and recognized as revenue over the subscription period.

(i) Research and development costs

Research and development costs consist of costs incurred to develop the Company's website and mobile application to promote, advertise and earn revenue with respect to the Company's business operations. All costs are expensed as incurred unless they meet the specific criteria under Australian accounting standards for capitalization. No costs have been capitalized to date.

(j) Intangible assets

Acquired intangible assets are initially recorded at cost. Indefinite life intangible assets are not amortized while assets with finite lives are amortized on a straight-line basis over their estimated useful life. The Company's acquired intangible assets are carried at cost, less accumulated amortization. Amortization is computed over the estimated useful lives of the respective assets, generally two to seven years.

These intangible assets are tested for impairment on an annual basis or more frequently if there are indicators that intangible assets may be impaired as described in the impairment of non-financial assets policy.

(k) Earnings (loss) per share

Basic earnings (loss) per share are calculated using the weighted average number of ordinary shares outstanding during the year. The computation of diluted earnings (loss) per share assumes the basic weighted average number of ordinary shares outstanding during the year is increased to include the number of additional ordinary shares that would have been outstanding if the dilutive potential ordinary shares had been issued.

**Notes to the Condensed Consolidated Interim Financial Statements***for the period ended September 30, 2017**(expressed in Australian dollars)*

4. Significant Accounting Policies (continued)**(l) Income taxes**

Income tax expense comprises current and deferred tax.

Current income tax is the amount expected to be recovered from or paid to the taxation authorities based on the taxable income or loss for the year using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable from previous years.

Deferred tax assets and liabilities are recognized for tax consequences attributable to unused tax loss carry forwards, unused tax credits and differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss in the year that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced. Assessing the recoverability of deferred tax assets requires the Company to make significant estimates related to expectations of future taxable income.

The following temporary differences do not result in deferred tax assets or liabilities:

- the initial recognition of assets or liabilities, not arising in a business combination, that does not affect accounting or taxable profit;
- goodwill; and
- investments in subsidiaries, associates and jointly controlled entities where the timing of reversal of the temporary differences can be controlled and reversal in the foreseeable future is not probable.

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

(m) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Executive Director, in consultation with the Board of Directors. The Group's primary segment is one business, being the development of an e-commerce platform in the home design space. Refer to Note 17 for details.

(n) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

**4. Significant Accounting Policies (continued)****(o) Provisions**

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(p) Employee Benefits**(i) Wages and salaries, annual leave and sick leave**

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(q) Share-based payments

Share-based compensation benefits are provided to employees of Kabuni at the Directors' discretion. The fair value of options and performance shares granted by Kabuni is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value of options at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The fair value of options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the income statement with a corresponding adjustment to equity.

The fair value of the performance shares is determined based on the spot price on the grant date adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets).



4. Significant Accounting Policies (continued)**(r) Non-current assets held for sale and discontinued operations**

Non-current Assets and disposal groups are classified as held for sale and measured at the lower of carrying amount and fair value less costs to sell, where the carrying amount will be recovered principally through sales as opposed to continued use. No depreciation or amortisation is charged against assets classified as held for sale.

Classification as “held for sale” occurs when: management has committed to a plan for immediate sale; the sale is expected to occur within one year from the date of classification; and active marketing of the asset has commenced. Such assets are classified as current assets.

A discontinued operation is a component of an entity, being a cash-generating unit (or a group of cash-generating units), that either has been disposed of, or is classified as held for sale, and: represents a separate major line of business or geographical area of operations; is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or is a subsidiary acquired exclusively with the view to resale.

Impairment losses are recognised for an initial or subsequent write-down of an asset (or disposal group) classified as held for sale to fair value less costs to sell. Any reversal of impairment recognised on classification as held for sale or prior to such classification is recognised as a gain in profit or loss in the period in which it occurs.

(s) New standards not yet adopted

The following new standards and interpretations are not yet effective and have not been applied in preparing these consolidated financial statements. The Company is currently evaluating the potential impacts of these new standards and does not anticipate any material changes to the consolidated financial statements upon adoption of these new and revised accounting standards.

AASB 9: Financial Instruments and associated Amending Standards

The Standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace *AASB 139 Financial Instruments: Recognition and Measurement*. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objectives is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income (“OCI”). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity’s own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an “expected credit loss (“ELC”)” model to recognize an allowance. Impairment will be measured in a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The Company will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the Company.

AASB 15: Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standards will require the following:

1. Contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract.
2. Determination the transaction price, adjusted for the time value of money excluding credit risk.
3. Allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist.
4. Recognition of revenue when each performance obligation is satisfied.

**Notes to the Condensed Consolidated Interim Financial Statements***for the period ended September 30, 2017**(expressed in Australian dollars)***4. Significant Accounting Policies (continued)****(r) New standards not yet adopted (continued)**

Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognized as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's customers; the significant judgements made in applying the guidance to those contracts; and any assets recognized from the costs to obtain or fulfil a contract with a customer. The Company will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the Company.

AASB 16: Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 *Leases* and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a "right-of-use" asset will be capitalized in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a "right-of-use" asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalized lease will also be recognized, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, earnings before interest, tax, depreciation, and amortisation ("EBITDA") results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The Company will adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed by the Company.

(t) New standards adopted

The Group has considered the implications of new and amended Accounting Standards that became applicable for reporting periods commencing after 1 October 2017 but determined that their application to the financial statements is either not relevant or not material.

5. Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash on hand and in banks.

	September 30, 2017	June 30, 2017
	\$	\$
Cash and Cash equivalents	267,585	134,352
	267,585	134,352

Cash and cash equivalents of negative (\$2,351) relating to Kabuni Technologies Inc. and Kabuni Technologies (India) Private Limited, which have been disposed of post period end, have been excluded from the above and reclassified as held for sale as per note 8 to the financial statements. At June 30, 2017 cash and cash equivalents of \$69,915 relating to these subsidiaries was excluded.

**KABUNI LTD****Notes to the Condensed Consolidated Interim Financial Statements***for the period ended September 30, 2017**(expressed in Australian dollars)***6. Trade and other receivables**

The summary of the Group's receivables is as follows:

	September 30, 2017	June 30, 2017
	\$	\$
Taxes receivable from governments	12,735	4,902
	12,735	4,902

Trade and other receivables of \$19,845 relating to Kabuni Technologies Inc. and Kabuni Technologies (India) Private Limited, which have been disposed of post period end, have been excluded from the above and reclassified as held for sale as per note 8 to the financial statements. At June 30, 2017 trade and other receivables of \$109,723 relating to these subsidiaries was excluded.

7. Prepaid expenses and deposits

The summary of the Group's prepaid expenses and deposits are as follows:

	September 30, 2017	June 30, 2017
	\$	\$
Prepaid expenses	26,000	31,350
Deposits	5,000	-
	31,000	31,350

Prepaid expenses and deposits of \$59,971 relating to Kabuni Technologies Inc. and Kabuni Technologies (India) Private Limited, which have been disposed of post period end, have been excluded from the above and reclassified as held for sale as per note 8 to the financial statements. At June 30, 2017 prepaid expenses and deposits of \$95,890 relating to those subsidiaries was excluded.

8. Assets held for sale and discontinued operations

Financial information relating to the Kabuni Technologies Inc. (Canada) and Kabuni Technologies Private Limited (India) which are considered discontinued operations at September 30, 2017 is set out below.

Print The Future, Inc. entered into a Share Purchase Agreement ("SPA") with Kabuni on 1 May 2017 to acquire all of the issued capital of Kabuni's subsidiaries, KTI, KB India and Kabuni USA, Inc. ("KBUSA"). On June 30, 2017, the Company entered into an Amended and Restated Share Purchase Agreement ("Purchase Agreement") with PTF that in effect amended, re-stated and replaced the SPA. Under the Purchase Agreement, it is proposed that Kabuni will be paid a purchase price of \$4,500,000 from PTF as set out below:

(a) A convertible promissory note from PTF in a principal amount of \$843,900.22, being the total amounts outstanding under the TSA including accrued interest, as at June 30, 2017 ("the TSA Note");

(b) A convertible promissory note of PTF in the agreed form, in a principal amount that shall equal \$4,500,000 less the principal amount of the TSA Note, (but not taking into account any amount attributable to accrued interest) ("the Purchase Note"). The Purchase Note will be issued on completion of the transaction. The Purchase Note will mature and be repayable on or before 30 November 2017. The Purchase Note will not bear interest prior to Maturity.

**KABUNI LTD****Notes to the Condensed Consolidated Interim Financial Statements***for the period ended September 30, 2017**(expressed in Australian dollars)***8. Assets held for sale and discontinued operations (continued)**

The financial performance of the discontinued operation for the three-month period ended September 30, 2017, which is included in the loss from discontinued operations per the statement of profit or loss and other comprehensive income is as follows:

	Note	September 30, 2017 \$	September 30, 2016 \$
Revenue			
Membership/Online Revenue		-	2,204
Total Income		-	2,204
Expenses			
Operation Costs		44,882	709,241
Wages and Salaries		102,269	630,005
Depreciation	9	25,737	38,928
Total Expenses		172,888	1,378,174
Loss before Income Tax		(172,888)	(1,375,970)
Income Tax Expense		-	-
Total loss after tax attributable to the discontinued operations		(172,888)	(1,375,970)
		September 30, 2017 \$	June 30, 2016 \$
Assets held for sale			
Cash and Equivalents	5	(2,352)	69,915
Trade and Other Receivables	6	19,845	109,723
Prepaid Expenses and Deposits	7	59,971	95,890
Property and Equipment	9	247,109	272,781
Total Assets held for sale		324,573	548,309
Current liabilities relating to assets held for sale			
Trade and Other Payables	11	186,506	160,045
Loans Payable	12	-	82,466
Finance Lease Liability		14,545	15,622
Total Current liabilities relating to assets held for sale		201,051	258,133

**KABUNI LTD****Notes to the Condensed Consolidated Interim Financial Statements***for the period ended September 30, 2017**(expressed in Australian dollars)***9. Property and equipment**

The summary of the Group's property and equipment is as follows:

Cost	Furniture and Equipment	Computer Equipment	PP&E Design Studio	Leasehold Improvements	Leased Assets – Motor Vehicles	Total
	\$	\$	\$	\$	\$	\$
Costs						
Balance at June 30, 2016	150,504	153,651	204,304	341,014	-	849,473
Additions	32,348	-	-	-	28,367	60,715
Reclassification to Assets Held for Sale (Note 8)	(182,852)	(153,651)	(204,304)	(341,014)	(28,367)	(910,188)
Balance at June 30, 2017	-	-	-	-	-	-
Additions	-	-	-	-	-	-
Reclassification to Assets Held for Sale (Note 8)	-	-	-	-	-	-
Balance at September 30, 2017	-	-	-	-	-	-
Accumulated depreciation						
Balance at June 30, 2016	17,193	22,811	-	-	-	40,004
Depreciation expense	35,337	52,112	54,431	170,960	4,744	317,584
Reclassification to Assets Held for Sale (Note 8)	(52,530)	(74,923)	(54,431)	(170,960)	(4,744)	(357,588)
Balance at June 30, 2017	-	-	-	-	-	-
Depreciation expense	9,677	14,283	-	-	1,777	25,737
Cumulative translation adjustment	(25)	(38)	-	-	(2)	(65)
Reclassification to Assets Held for Sale (Note 8)	(9,652)	(14,245)	-	-	(1,775)	(25,672)
Balance at September 30, 2017	-	-	-	-	-	-
Impairments						
Balance at June 30, 2016	-	-	-	-	-	-
Provision for Impairment	-	-	109,765	170,054	-	279,819
Reclassification to Assets Held for Sale (note 8)	-	-	(109,765)	(170,054)	-	(279,819)
Balance at June 30, 2017	-	-	-	-	-	-
Balance at September 30, 2017	-	-	-	-	-	-
Carrying amount						
Balance at June 30, 2016	133,311	130,840	204,304	341,014	-	809,469
Balance at June 30, 2017	-	-	-	-	-	-
Balance at September 30, 2017	-	-	-	-	-	-

Property and Equipment with a net book value of \$247,109 relating to Kabuni Technologies Inc. and Kabuni Technologies (India) Private Limited, Limited which have been disposed of post period end, have been excluded from the above and reclassified as held for sale as per note 8 to the financial statements. At June 30, 2017 Property and Equipment with a net book value of \$272,781 relating to those subsidiaries was excluded.

**KABUNI LTD****Notes to the Condensed Consolidated Interim Financial Statements***for the period ended September 30, 2017**(expressed in Australian dollars)***10. Intangible Assets**

On 31 January 2017, the Company acquired certain intangible assets of Design Campus, an online platform for members to subscribe to design courses that feature relevant training content, including courses accredited by both the Interior Design Continuing Education Counsel (IDCEC) and the Architects Institute of America (AIA) for \$66,253 (US \$50,000). The assets acquired include the Design Campus website, databases, internet domains and customer lists ("Intangible Assets").

At June 30, 2017, the Company impaired the value of Design Campus to \$Nil but intends to develop the platform, with the immediate aim to increase brand recognition by providing additional content in order to drive new customers to the Design Campus site and convert current followers to paid customers.

The summary of the Group's Intangible Assets at September 30, 2017 is as follows:

	September 30, 2017	June 30, 2017
	\$	\$
Cost		
Balance at the beginning of the year/period	-	-
Additions	-	66,253
Cumulative translation adjustment	-	-
Balance at the end of the year/period	-	66,253
Amortisation		
Balance at the beginning of the year	-	-
Amortisation expense	-	(5,521)
Balance at the end of the year/period	-	(5,521)
Impairment		
Balance at the beginning of the year/period	-	-
Impairment of Intangible Assets	-	(60,732)
Balance at the end of the year/period	-	(60,732)
Balance at the end of the year/period	-	-

11. Trade and other payables

	September 30, 2017	June 30, 2017
	\$	\$
Trade payables	66,229	29,181
Accruals	131,852	119,852
Short term convertible debt	250,000	-
	448,081	149,033

Trade payables are non-interest bearing and are normally settled on a 30-day basis. Other payables are non-interest bearing and have an average term of 30 days. All amounts are expected to be settled within twelve months.

Trade and other payables of \$201,051 relating to Kabuni Technologies Inc. and Kabuni Technologies (India) Private Limited, which have been disposed of post period end, have been excluded from the above and reclassified as held for sale as per note 8 to the financial statements. At June 30, 2017 Trade and other payables of \$160,045 relating to these subsidiaries was excluded.

**KABUNI LTD****Notes to the Condensed Consolidated Interim Financial Statements***for the period ended September 30, 2017**(expressed in Australian dollars)***12. Loans payable**

	September 30, 2017	June 30, 2017
	\$	\$
Short term related party loan	-	-

The Company has received a series of short-term loans from a company owned by a now former director and officer of the Company. These loans accrued interest at 8% per annum, compounded annually. As at September 30, 2017, the Company had loans outstanding, including accrued interest of \$Nil (June 30, 2017 \$82,466 (CAD\$82,179)). The loan was originally due on June 30, 2014, but subsequently was extended to June 30, 2015. The Company had provided a general security agreement over its assets to the lender.

On June 30, 2015, the Company entered into an amending agreement whereas the loan was extended an additional year and will mature on June 30, 2016. As per the agreement, the loan will no longer bear interest and the lender has released and discharged of all security that was previously held over the Company's assets.

During the year the Company entered into an additional amending agreement whereas the loan was extended a further additional year to June 30, 2017 and subsequently, the loan was further extended to 30 September 2017.

During the quarter ended September 30, 2017 the amount due has been offset against TSA liabilities owing to the company from Print the Future Inc.

At June 30, 2017 the amount of \$82,446, which is held by Kabuni Technologies Inc. has been excluded from the above and reclassified as held for sale as per note 8 to the financial statements.

13. Share capital**(a) Issued**

	September 30, 2017	June 30, 2017
	\$	\$
Issued capital		
241,443,455 fully paid ordinary shares (June 30, 2016: 130,309,175 shares)	20,116,448	20,116,448

	September 30, 2017		June 30, 2017	
	No.	\$	No.	\$
Balance at beginning of the balance year/period	241,443,455	20,116,448	130,309,175	17,338,533
Shares issued for private placement ¹	-	-	29,900,000	807,300
Shares issued for rights issue ²	-	-	47,900,947	1,293,325
Shares issued for shortfall issue ²	-	-	33,333,333	900,000
Capital raising costs	-	-	-	(222,710)
Balance at end of the end of the year/period	241,443,455	20,116,448	241,443,455	20,116,448

1. On October 21, 2016, the Company completed a Private Placement and raised gross proceeds of \$807,300. As part of the Private Placement, 14,950,000 free attaching options were issued, exercisable at \$0.05 each on or before June 30, 2019 (Note 14(b)). There were no underwriting arrangements entered into as part of the Private Placement, however in connection with the Private Placement a cash fee of 6% of the funds raised pursuant to the Private Placement has been paid.

2. The Company completed a Rights Issue and Shortfall offer on 29 November 2016 and 13 December 2016, respectively, by issuing 81,234,280 ordinary shares for gross proceeds of \$2,193,325. For every two new shares issued under the Rights and Shortfall Issue, one free attaching option was issued for a total of 40,617,146 options issued, exercisable at \$0.05 each on or before 30, June 2019 (Note 14(b)). Both the Rights Issue and Shortfall Issue are subject to a cash fee of 6% of the funds raised.

**KABUNI LTD****Notes to the Condensed Consolidated Interim Financial Statements***for the period ended September 30, 2017**(expressed in Australian dollars)***13. Share capital (continued)****(a) Issued**

3. During the year ended June 30, 2016, the Company issued 333,333 ordinary shares to a director of the Company for nil consideration. The Company recorded shares issued as consideration of \$65,000 to reflect the fair value of the shares issued.

(b) Shares repurchased

No shares have been repurchased in the period ended September 30, 2017.

14. Reserves

	September 30, 2017	June 30, 2017
	\$	\$
Foreign currency translation reserve ¹	(46,901)	(41,777)
Share based payments reserve	282,867	282,867
Performance shares reserve ²	4,013,049	4,013,049
	4,249,015	4,254,139

1. The foreign exchange differences arising on translation of foreign controlled entities are taken to the foreign currency translation reserve.
2. The performance share reserve is used to record the value of Class A performance shares and Class B Performance Shares issued to certain Kabuni employees and the advisors based on the directors' assessment of the likelihood of the performance shares being converted to ordinary shares.

(a) Performance shares reserve

Performance Shares	Shares Outstanding	\$
Class A	10,032,622	2,006,524
Class B	10,032,625	2,006,525
Class C	9,032,623	-
Class D	9,032,623	-
	38,130,493	4,013,049

	September 30, 2017	June 30, 2017
	\$	\$
Balance at the beginning of the year/period	4,013,049	4,013,049
Balance at the end of the year	4,013,049	4,013,049

The Company has reserved for issuance four classes of performance shares, which are to be converted to ordinary shares upon the successful completion of the following milestones:

- a. Class A Performance Shares which will convert into one fully paid ordinary share upon:
- a minimum of 1,000 Registered Home Designers each achieve the CAD equivalent of at least \$200 Revenue, each month for 3 consecutive months, on or before 30 August 2016; or
 - a minimum of 1,000 Registered Home Designers each achieve the CAD equivalent of at least \$200 Revenue, each month for 3 consecutive months, and the Milestone D is also achieved, (Milestone A);

**Notes to the Condensed Consolidated Interim Financial Statements***for the period ended September 30, 2017**(expressed in Australian dollars)***14. Reserves (continued)**

- b. Class B Performance Shares which will convert into one Share upon:
 - i. a minimum of 1,000 Registered Home Designers each achieve the CAD equivalent of at least \$750 Revenue, each month for 3 consecutive months, on or before 31 December 2016; or
 - ii. a minimum of 1,000 Registered Home Designers each achieve the CAD equivalent of at least \$750 Revenue, each month for 3 consecutive months, and Milestone D is also achieved, and (Milestone B);
- c. Class C Performance Shares which will convert into one Share upon:
 - i. the Company achieving the CAD equivalent of at least \$20 million in revenue in any 12 months and has a minimum of 20,000 registered home designers, on or before December 1, 2017; or
 - ii. the Company achieving the CAD equivalent of at least \$20 million in revenue in any 12 months and has a minimum of 20,000 registered home designers, and Milestone D is also achieved, (Milestone C); and
- d. Class D Performance Shares which will convert into one Share upon:
 - i. the Company achieving the CAD equivalent of at least \$50 million in revenue in any 12 months; and
 - ii. a minimum of 35,000 Registered Home Designers on or before June 30, 2018, (Milestone D).

The amount recognized in the performance share reserve is the value of the performance shares issued to the Group's directors, employees and consultants based on management's assessment of the likelihood of the performance shares being converted to ordinary shares at date of grant of the performance shares. The performance shares are owned outright by their holders and do not lapse if employment ceases. As there is no specified service period, either implicit or explicit, attached to the performance shares, the performance share conditions are considered to be non-vesting.

Following review, management has subsequently determined that the above non-vesting conditions have not been met or are unlikely to be met. However, in line with accounting standards, the underlying share based payment expense has continued to be recognised.

(b) Share based payments reserve

Type	Options Outstanding	Fair Value \$
Listed – Placement options ¹	12,000,000	-
Listed – Free attaching options ²	55,567,146	-
Listed – Placement options ²	15,000,000	15,000
Unlisted	7,513,334	267,867
	90,080,480	282,867

Type	September 30, 2017 \$	June 30, 2017 \$
Balance at the beginning of the year/period	282,867	119,383
Employee, director, contractor and consultant share-based payments	-	129,515
Placement options	-	15,000
Supplier share-based payments	-	18,969
Balance at the end of the year	282,867	282,867

1. As part of the 24 August 2015 concurrent financing (Note 13(a) footnote 5), the Company issued 12,000,000 options, at an issue price of \$0.005 per option, for a gross proceeds of \$60,000. The options are exercisable at \$0.30 within 3 years of issue. The gross proceeds were received by the Company prior to the completion of the RTO and were included in the cash and cash equivalents balance as part of the net assets acquired.

2. As part of the 21 October 2016 and the November 23, 2016 financing (Note 13(a) footnotes 1 and 2), the Company issued 70,567,146 options. Of this number, 55,567,146 were options issued to the subscribers of the financing. The remaining 15,000,000 were issued at a price of \$0.001 per option for gross proceeds of \$15,000.

**KABUNI LTD****Notes to the Condensed Consolidated Interim Financial Statements***for the period ended September 30, 2017**(expressed in Australian dollars)***15. Share based payments**

Share based payment transactions recognized as operational expenses in the statement of profit or loss and other comprehensive income during the period ended September 30, 2017 were as follows:

	September 30, 2017	September 30, 2016
	\$	\$
Employee, director, contractor and consultant share based payments	-	63,049
Performance shares issued – directors	-	-
Ordinary Shares issued – directors	-	-
Balance at the end of the period	-	63,049

i. Employee, director, contractor and consultant share based payments

The Company grants stock options from time to time in order to assist in the recruitment, reward, retention and motivation of employees, directors and consultants of Kabuni Limited. The fair value at grant date of options granted during the reporting period was determined using the Black Scholes option pricing model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share and the risk free interest rate for the term of the option. During the period ended September 30, 2017 there were no options granted to employees, directors, contractors and consultants.

The table below summarizes options granted to employees, directors, contractors and consultants during the period ended September 30, 2017:

Grant Date	Expiry date	Exercise price per option	Balance at start of the period	Granted during the period	Exercised during the period	Expired / forfeited during the period	Balance at end of the period
17/03/16	31/03/19	\$0.18	2,013,334	-	-	-	2,013,334
18/08/16	06/11/18	\$0.13	150,000	-	-	-	150,000
18/08/16	31/10/18	\$0.13	200,000	-	-	-	200,000
18/08/16	06/09/19	\$0.13	-	-	-	-	-
18/08/16	12/05/19	\$0.18	-	-	-	-	-
31/10/16	30/09/19	\$0.05	150,000	-	-	-	150,000
29/11/16	30/06/19	\$0.06	3,000,000	-	-	-	3,000,000
29/11/16	07/11/19	\$0.03	-	-	-	-	-
29/11/16	07/11/19	\$0.06	-	-	-	-	-
29/11/16	07/11/19	\$0.09	-	-	-	-	-
09/12/16	31/03/19	\$0.06	1,000,000	-	-	-	1,000,000
07/02/17	30/09/19	\$0.05	-	-	-	-	-
10/02/17	30/09/19	\$0.06	1,000,000	-	-	-	1,000,000
			7,513,334	-	-	-	7,513,334

On 17 March 2016, 3,630,000 stock options exercisable at the greater of (1) \$0.18 and (2) the fair market value of the shares on the date of acceptance, provided that, for such purposes, the "fair market value" of the shares is defined as the average closing sale price of the shares on ASX over the 5 trading days immediately preceding the date of acceptance, on or before June 30, 2019 were granted to employees of the Group. The options had a vesting date of 3 September 2016 (being 12-months after the date of listing on the ASX). During the year ended June 30, 2016 560,001 options were forfeited.

**KABUNI LTD****Notes to the Condensed Consolidated Interim Financial Statements***for the period ended September 30, 2017**(expressed in Australian dollars)***15. Share based payments (continued)****ii. Share-based payment to suppliers**

On February 19, 2016, 2,500,000 stock options exercisable at \$0.20 on or before June 30, 2017 were granted to a consultant for corporate advisory services rendered during the previous financial year and over the coming 12 months. The options will vest when the share price (based on a 20-day volume weighted average price) of the Company, as quoted by the ASX, reaches a level of \$0.225. These options have been valued using the Black-Scholes option pricing model and are recognised as corporate advisory expenses in the statement of profit or loss and other comprehensive income.

Grant Date	Expiry date	Exercise price	Balance at start of the period	Granted during the period	Exercised during the period	Expired during the period	Balance at end of the period	Exercisable at end of the period
19/02/16	30/06/17	\$0.20	2,500,000	-	-	-	2,500,000	- ¹
			2,500,000	-	-	-	2,500,000	-

¹ These options did not vest by the vesting date of September 30, 2017.

16. Accumulated losses

	September 30, 2017 \$	June 30, 2017 \$
Movements in accumulated losses were as follows:		
Opening balance	(24,058,840)	(18,954,453)
Loss for the year	(319,863)	(5,104,387)
Closing balance	(24,378,703)	(24,058,840)

17. Segmented information

The Company has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources. The Company's primary segment is one business, being the development of a membership platform (Design Campus) within the Interior Design industry.

During the period ended September 30, 2017, the Company operated in the following geographic segments: Australia, USA, India and Canada.

(a) Revenue, interest and other income by geographical region

	September 30, 2017 \$	September 30, 2016 \$
<u>Continuing Operations</u>		
Australia	-	-
USA	1,298	-
Canada	-	-
India	-	-
Total revenue from continuing operations	1,298	-
<u>Discontinued Operations</u>		
Canada *	-	2,204
India	-	-
Total revenue from discontinued operations	-	2,204

* Included in the net loss from discontinued operations as shown in Note 8

**KABUNI LTD****Notes to the Condensed Consolidated Interim Financial Statements***for the period ended September 30, 2017**(expressed in Australian dollars)***17. Segmented information (continued)****(b) Loss by geographical region**

	September 30, 2017 \$	September 30, 2016 \$
<u>Continuing Operations</u>		
Australia	(148,084)	(142,419)
USA	1,109	-
Canada	-	-
India	-	-
Total Loss from continuing operations	(146,975)	(142,419)
<u>Discontinued Operations</u>		
Canada *	(115,609)	(1,355,144)
India *	(57,279)	(20,826)
Total loss from discontinued operations	(1722,888)	(1,375,970)

* Included in the net loss from discontinued operations as shown in Note 8

(c) Total assets by geographical region

	September 30, 2017 \$	September 30, 2016 \$
<u>Continuing Operations</u>		
Australia	309,781	164,382
USA	1,539	-
Canada	-	-
India	-	-
Total Assets from continuing operations	311,320	164,382
<u>Discontinued Operations</u>		
Canada *	296,177	1,462,970
India *	28,396	4,431
Total Assets from discontinued operations (Assets held for sale)	324,573	1,467,401

* Included in assets held for sale as shown in Note 8

**KABUNI LTD****Notes to the Condensed Consolidated Interim Financial Statements***for the period ended September 30, 2017**(expressed in Australian dollars)***18. Loss per share**

Basic loss per share amounts are calculated by dividing net loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

The following reflects the loss and share data used in the total operations basic and diluted earnings per share computations:

	September 30, 2017	September 30, 2016
	\$	\$
Loss used in calculating basic and dilutive EPS	(319,863)	(1,518,389)
	Number of Shares	
Weighted average number of ordinary shares used in calculating basic loss per share:	197,214,750	130,309,175
Effect of dilution:		
Share options	-	-
Adjusted weighted average number of ordinary shares used in calculating diluted loss per share:	197,214,750	130,309,175

There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements. As the Company is loss making, there is no diluted EPS calculated.

19. Related parties**(a) Compensation of key management personnel**

Key management personnel include persons having the authority and responsibility for planning, directing and controlling the activities of the Group as a whole. The compensation made to directors and other members of key management personnel of the Group Subsidiaries during the period ended September 30, 2017 is set out below:

	September 30, 2017	Restated September 30, 2016
	\$	\$
Salary and Employee benefits including Director's fees	12,000	20,417
Share based payments	-	-
Total	12,000	20,417

(b) Related parties

At September 30, 2017, there was \$12,000 directors' fees owing (June 30, 2017 - \$60,226) included in trade and other payables.

At September 30, 2017, there was \$768,322 owing from Print the Future Inc., a company controlled by a former officer and director of the Company. This amount relates to the TSA agreement signed between both parties (note 22). At June 30, 2017, a provision of \$768,322 has been made against this amount which remains at September 30, 2017. All amounts have been reclassified as held for sale as per note 8 of the financial statements.

**Notes to the Condensed Consolidated Interim Financial Statements***for the period ended September 30, 2017**(expressed in Australian dollars)***19. Related parties (continued)****(c) Loans to/from related parties**

There were no loans made to directors of Kabuni and other key management personnel of the Group during the quarter ended September 30, 2017.

At September 30, 2017 there are no loans outstanding/owing to any company controlled by a current or former officer and director of the company (June 30, 2017, \$82,466).

20. Commitments

The company has no Operational, Capital, Finance or Termination Payment commitments as at September 30, 2017. Any commitments at September 30, 2017 and after, are the responsibility of Print the Future Inc.

21. Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of the components of shareholders' equity.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances. The Company is not subject to externally imposed capital requirements.

22. Subsidiaries

Details of the Company's subsidiaries at the end of the reporting period are as follows:

	Country of incorporation	Percentage owned	
		September 30, 2017	June 30, 2017
Kabuni Technologies Inc.	Canada	100%	100%
Stirling Minerals Pty Limited	Australia	100%	100%
Kabuni Technologies (India) Private Limited	India	100%	100%
Kabuni USA, Inc.	USA	100%	100%

23. Subsequent Events

The sale and purchase agreement entered into with Print the Future, Inc. on May 1, 2017 was further amended on June 30, 2017, and completed on October 17, 2017, with final terms summarised as:-

- PTF acquired from the Kabuni all of the issued and outstanding shares of capital stock of the Sale Corporations, for a purchase price of Australian Dollars ("AUD") \$4,500,000 (the "Purchase Price");
- In part payment of the Purchase Price, PTF delivered to the Company a convertible promissory note, in a principal amount that shall equal the total amounts outstanding under the TSA, including accrued interest, as at June 30, 2017 (the "TSA Note"). The TSA Note will not accrue interest before default. After default, it will bear interest of 22% per annum (as per existing note terms).
- The TSA Note is repayable as follows: (a) \$150,000 on 15 July 2017 (b) \$175,000 on 15 August 2017, and (c) the balance and all accrued and unpaid interest on 15 September 2017. 100% of any capital raised by PTF must be applied to the fixed repayments on the dates set forth above. In addition, 50% of any capital raised by PTF in excess of \$750,000 must be applied to the repayment of the TSA Note within 3 business days of being received. The note will be convertible and secured on the same terms as the Purchase Note (see item 3, below).

Under the Note, PTF has the right to elect to partially repay the Note through the forgiveness of all or part of a loan due to a company by PBT. PTF, Property Beacon Technology Inc. ("PBT") and the Company entered into an agreement effective August 15, 2017, pursuant to which PBT has forgiven an amount of CAD\$26,211.99, being the outstanding balance of the loan due to PBT, and the loan has been terminated and fully released. As a result, each of the Company and PTF have agreed that an amount of AUD\$26,196.27 is deemed repaid in respect of the Note, with effect as of August 15, 2017.

**Notes to the Condensed Consolidated Interim Financial Statements***for the period ended September 30, 2017**(expressed in Australian dollars)*

23. Subsequent Events (continued)

A balance of AUD\$148,803.73 remained due and payable as the first Note repayment on August 15, 2017. PTF failed to pay such amount and accordingly the Company provided PTF with formal notice that an event of default has occurred under the Note, confirming that the Company has not waived the default and expressly reserving all of the Company's rights, powers, privileges and remedies under the Note, applicable law or otherwise.

On September 15, 2017, the remaining balance of the Note became due and payable by PTF, being an amount of A\$518,900.22. PTF has failed to pay such amount when due. Accordingly, the Company has provided PTF with a further formal notice that an event of default has occurred under the Note, confirming that the Company has not waived the default and expressly reserving all of the Company's rights, powers, privileges and remedies under the Note, applicable law or otherwise.

As at the date hereof, the total unpaid principal amount outstanding under the Note is \$667,703.95 (which amount accrues default interest at the rate of 22% per annum). On October 16, 2017, the shareholders approved the PTF transaction at the Meeting and completion occurred on October 17, 2017. At completion, PTF issued a further convertible promissory note to the Company in the amount of approximately A\$3.7 million in consideration for the purchase, which further note is repayable on November 30, 2017.

On July 17, 2017, the Company announced that it had raised A\$250,000 via a placement of convertible notes to sophisticated investors to provide working capital and to cover costs associated with the PTF Transaction. The notes are convertible at a 20% discount to the price of the next capital raising undertaken by the Company, or at a 20% discount to the 5-day VWAP of the Shares as traded on the ASX, maturing on December 31, 2017.

On October 24, 2017, the Company advised of the resignation of Director Ajai Sehgal, to pursue other business interests.

On November 3, 2017, the Company advised of the resignation of Director Nathan Sellyn, to pursue other business interests. Further, the Company advised that Mr Michael Edwards had been appointed as Non-Executive Director to replace Mr Sellyn effective on that date.

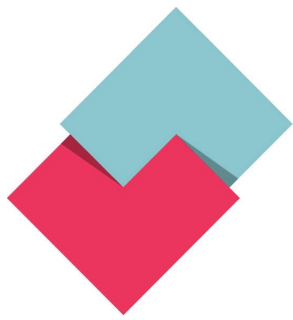
Other than as set out above, the Directors are not aware of any matter or circumstance that has arisen since the end of the financial period that, in their opinion, has significantly affected or may significantly affect in future financial years, the operations of the Company, the results of those operations or the Company's state of affairs.

24. Contingent Assets and Liabilities

There are no known contingent assets or liabilities as at September 2017.

25. Dividends

No dividend was paid or declared by the Company in the quarter ended September 30, 2017 or since the end of the financial period and up to the date of this report. At the date of this report, the Directors do not recommend that any amount be paid by way of dividend for the financial year ended June 30, 2017.



kabuni

Management's Discussion and Analysis

For the three months ended September 30, 2017

Kabuni Ltd

Management's Discussion and Analysis

For the three months ended September 30, 2017

The following discussion and analysis of the financial condition and operations of Kabuni Ltd. (the "Company" of "Kabuni") has been prepared by management as of November 13, 2017, and should be read in conjunction with the Company's financial statements for the three months ended September 30, 2017, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). This Management's Discussion and Analysis ("MD&A") contains "forward-looking statements" that are subject to risk factors set out in a cautionary note herein. All amounts are in Australian dollars unless otherwise noted.

Quarterly Highlights (and subsequent events)

- On October 17, 2017 (Canadian Eastern Standard Time), the Company completed its sale and purchase agreement with Print the Future, Inc. ("PTF") for the sale of the Company's subsidiaries, Kabuni Technologies Inc. and Kabuni Technologies (India) Private Limited, in exchange for receiving an additional convertible promissory note from PTF with a principal amount of AUD\$3.72 million, which is secured by guarantee and security agreements over the shares and assets of its sale subsidiaries (See [Market and Business Development](#))
- On July 17, 2017 the Company issued 250,000 convertible notes to investors to raise \$250,000 in working capital to meet costs associated with the sale and purchase agreement with Print the Future, Inc. and to provide working capital.

Description of Business

Kabuni holds the 'Design Campus' business, which is a database of professional designers and an online education platform.

The Company's registered office is at Ground Floor, 16 Ord Street, West Perth, Western Australia, 6005, Australia.

Kabuni's shares trade on the Australian Securities Exchange (the "ASX") under the trading ticker "KBU".

Market and Business Developments

Kabuni has entered into a sale and purchase agreement ("SPA") dated as of May 1, 2017 with Print the Future, Inc. ("PTF") regarding the acquisition by PTF of the shares in the Company's operating subsidiaries. PTF is a company incorporated in Delaware, USA and is controlled by Kabuni's founder and former Managing Director, Mr. Neil Patel. On June 30, 2017, the Company entered into an Amended and Restated Share Purchase Agreement ("Purchase Agreement") with PTF that in effect amended, re-stated and replaced the SPA. Under the Purchase Agreement, PTF agreed to acquire all of the issued and outstanding shares of two of the Kabuni's operating subsidiaries, which are Kabuni Technologies Inc. ("KTI"), a company incorporated under the laws of British Columbia, Canada, and Kabuni Technologies (India) Private Limited ("KB India" and, together with KTI, the "Sale Corporations"). The Company's subsidiary, Kabuni USA, Inc. ("KB USA"), a corporation incorporated under the laws of Delaware, USA, the operator of the Design Campus business, is excluded from the transaction. Further the Company entered into a first convertible promissory note with PTF in the principal amount of A\$843,900.2 (the "Note").

On 15 July 2017, PTF elected to repay the first instalment due on the Note of A\$150,000 by procuring Mr. Neil Patel to agree to cancel his shares in the Company and procuring a company controlled by Mr. Patel, Property Beacon Technology, Inc. ("PBT"), to partially release a loan owing to it by KTI (the "PBT Loan"). Further, on 15 August 2017, PTF elected to partially repay the second instalment due on the Note of A\$175,000, by procuring PBT to release the outstanding balance of the PBT Loan, leaving an amount of AUD\$148,803.73 outstanding and unpaid by PTF under the Note. On 15 September 2017, the remaining balance of the Note became due and payable by PTF, being an amount of A\$518,900.22. PTF has failed to pay such amount when due. Accordingly, the Company has provided PTF with a further formal notice that an event of default has occurred under the Note, confirming that the Company has not waived the default and expressly reserving all of the Company's rights, powers, privileges and remedies under the Note, applicable law or otherwise.

The total unpaid principal amount outstanding under the Note is \$667,703.95 (which amount accrues default interest at the rate of 22% per annum).

Kabuni Ltd.

Management's Discussion and Analysis

For the three months ended September 30, 2017

On 13 September 2017, the Company filed with the ASX a Notice of Special Meeting and Notice of General Meeting of the shareholders of the Company to be held on 16 October 2017 to seek shareholder approval of the PTF Transaction (the "Meeting"), including an independent expert's report in regard to the PTF Transaction.

On 16 October 2017 the Company received shareholder approval for the PTF Transaction, amongst other resolutions. The Company wishes to confirm that completion of the PTF Transaction has since occurred and it has sold its interest in the shares of Kabuni Technologies Inc ("KTI") and Kabuni Technologies (India) Private Limited ("KB India"). The Company retains its interest in Kabuni USA, Inc. which holds the 'Design Campus' business.

On October 17, 2017 (Canadian Eastern Standard Time) the transaction with PTF completed and the Company received an additional convertible promissory note from PTF with a principal amount of \$3,728,041.24 which is secured by a guarantee and security agreements over the shares in and assets of KTI and KB India. This promissory note is repayable on 30 November 2017.

Summary of Quarterly Results

The following table sets out selected financial information for each of the eight most recent quarters (unaudited), the latest of which ended September 30, 2017.

Quarterly results below combine both continuing and discontinuing operations which have been separately disclosed in the September 30, 2017 consolidated financial statements.

The Company's quarterly operating results have historically fluctuated significantly and may continue to fluctuate significantly in the future. Key factors that account for the fluctuations in historical quarterly results include the development of the e-commerce platform and the increasing pace at which the Company's software development and administrative personnel are expanding. Henceforth, we believe that the past operating results and period-to-period comparison should not be relied upon as an indication of our future performance.

Development of the Kabuni Platform has ceased in the last quarter of the year ended June 30, 2017 as a result of proposed acquisition of Kabuni Technologies Inc. and Kabuni Technologies India (Private) Limited by Print the Future Inc. As well as this, significant cost cutting procedures have taken place in the final quarter which included but are not limited to decrease in staff costs and decrease in overheads.

Going forward, following the successful sale of Kabuni Technologies Inc. and Kabuni Technologies India (Private) Limited to Print the Future Inc the company will focus on developing the Design Campus platform.

(in Australian dollars)	September 30, 2017 (A\$)	June 30, 2017 (A\$)	March 31, 2017 (A\$)	December 31, 2016 (A\$)
Total revenue	1,298	796,482	10,723	7,922
Total loss and comprehensive loss	(362,386)	(1,138,705)	(1,189,491)	(1,277,028)
Loss per share	(0.01)	(0.01)	(0.01)	(0.01)
Total assets	635,893	718,913	1,892,866	3,043,356

(in Australian dollars)	September 30, 2016 (A\$)	June 30, 2016 (A\$)	February 29, 2016 (A\$)	November 30, 2015 (A\$)
Total revenue	3,640	11,241	-	1,206
Total loss and comprehensive loss	(1,569,172)	(1,812,262)	(1,424,772)	(1,604,461)
Loss per share	(0.01)	(0.01)	(0.01)	(0.01)
Total assets	1,631,783	3,063,887	6,000,480	6,991,269

The quarterly results in the tables above have been determined and prepared in accordance with IFRS accounting principles.

Total loss and comprehensive loss for the three months ended September 30, 2017, June 30, 2017, March 31, 2017, December 31, 2016 and September 30, 2016 decreased quarter on quarter over as the Company endeavors to

Kabuni Ltd

Management's Discussion and Analysis

For the three months ended September 30, 2017

streamline operations and cut costs pre- acquisition of Kabuni Technologies Inc and Kabuni Technologies India (Private) Limited (See [Market and Business Development](#)).

Total loss and comprehensive loss remained fairly consistent over the November 2015 to September 2016 quarters.

The significant increase in the quarterly loss for the period ended August 31, 2015 is the result of non-cash costs of \$8,885,899 in relation to the accounting of the Company's reverse-takeover ("RTO") acquisition of the Kabuni business in August, 2015.

Review of Financial Results

The following discussion of the Company's financial performance is based on the unaudited consolidated financial statements for the period ended September 30, 2017.

The company's total loss for the period ended September 30, 2017 was \$362,386 compared to a quarterly loss of \$1,138,705 at period ended June 30, 2017.

The decrease in losses over the quarter as a result of operation costs of both Kabuni Technologies Inc and Kabuni Technologies Private (India) Limited being the responsibility of Print the Future Inc. as per the TSA agreement. These costs included operational costs, staff costs etc.

Revenue

Revenue for the quarter was \$1,298 which was 100% attributable to Design Campus income generated through Kabuni USA. Revenue from Kabuni Technologies Inc. has ceased in the quarter as the company is in the process of being acquired by Print the Future Inc with the transaction closing in October 2017.

Salaries, bonuses and benefits

Salaries, bonuses and benefits costs in the quarter were \$12,000 which relate to Director's fees only. Post June 30, 2017 all salary costs were the responsibility of Print the Future Inc and as such there is no recognized cost in the period for Kabuni Limited.

Overall

Overall there has been a significant reduction in costs for the group during the period. This is as a result of cost reduction measures put in place pre June 2017 with a view of closing transaction with Print the Future Inc. with minimal additional costs. Transaction with Print the Future Inc. was successfully completed in October 2017.

Liquidity

Cash and cash equivalents

As at September 30, 2017, the Company's cash balance was \$267,585 (continuing operations – see cashflow below) (June 30, 2017 - \$134,352), and the Company had a negative working capital of (\$13,239) (June 30, 2017 - \$311,747).

Statement of Cash flows for the year ended September 30, 2017 as follows:

	Note	September 30, 2017
		\$
Cash flows from operating activities		
Loss for the period		(319,863)
Adjustments for:		
Depreciation		25,737
Share-based payments		-
<u>Movements in working capital</u>		
Receivables		7,833
Prepaid expenses and deposit		350
Accounts payable and accrued liabilities		299,099
Net cash used in operating activities		13,153
Cash flows from investing activities		
Acquisition/Disposal of intangible assets		-
Acquisition/Disposal of property and equipment		-
Net cash (used in) / provided by investing activities		-

Kabuni Ltd.

Management's Discussion and Analysis

For the three months ended September 30, 2017

Cash flows from financing activities

Proceeds from options issue	-
Proceeds from issue of shares/options	-
Share issue costs	-

Net cash provided by / (used in) financing activities	-
--	----------

Change in cash and cash equivalents during the period	13,153
Cash and cash equivalents, beginning of the period	204,267
Impact of exchange rate changes on cash and cash equivalents	47,811
Cash and cash equivalents, end of the period	265,234

Cash and Cash Equivalents at September 30, 2017 as follows:

	September 30, 2017
	\$
Cash and cash equivalents continuing operations	267,585
Cash and cash equivalents classified as held for sale	(2,351)
Cash and cash equivalents, end of the period	265,234

Share Capital

As of September 30, 2017, the Company had 241,443,455 issued and outstanding commons shares, 38,130,493 issued and outstanding performance shares and 90,080,480 unissued shares under options.

On October 21, 2016, the Company completed a Private Placement and raised gross proceeds of \$807,300. As part of the Private Placement, 14,950,000 free attaching options were issued, exercisable at \$0.05 on or before June 30, 2019 (the "Private Placement Options"). There were no underwriting arrangements entered into as part of the Private Placement, however in connection with the Private Placement a cash fee of 6% of the funds raised pursuant the Private Placement has been paid.

The Company also completed a Rights Issue and Shortfall offer on November 23, 2016 and November 28, 2016, respectively, by issuing 111,134,280 common shares for gross proceed of \$2,193,325. For every two new shares issued under the Rights and Shortfall Issue, one free attaching option was issued, exercisable at \$0.05 each on or before 30, June 2019 (the "Rights Options"). Both the Rights Issue and Shortfall Offer are subject to a cash fee of 6% of the funds raised respectively.

Performance shares outstanding for the Company as of September 30, 2017 were as follows:

<u>Performance Shares</u>	<u>Shares Outstanding</u>
Class A	10,032,622
Class B	10,032,625
Class C	9,032,623
Class D	9,032,623
	38,130,493

Kabuni Ltd

Management's Discussion and Analysis

For the three months ended September 30, 2017

Listed Options outstanding for the Company at September 30, 2017:

Grant Date	Expiry date	Exercise price per option	Balance at start of the period	Granted during the period	Exercised during the period	Expired / forfeited during the period	Balance at end of the period
25/08/15	25/08/18	\$0.30	12,000,000	-	-	-	12,000,000
13/12/16	30/06/19	\$0.05	-	55,567,146	-	-	55,567,146
13/12/16	30/06/19	\$0.05	-	15,000,000	-	-	-
June 30, 2017			12,000,000	70,567,146	-	-	82,567,146

There were no options granted to employees, directors, contractors and consultants during the period ended September 30, 2017.

Capital Resources

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of the components of shareholders' equity. The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances. The Company is not subject to externally imposed capital requirements.

The Company has no interest-bearing debt and its credit risk and interest rate risk are minimal. Accounts payable, accrued liabilities and loans payable are short-term and non-interest bearing.

As of September 30, 2017, the Company had 241,443,455 common shares issued and outstanding.

Contractual Obligations and Commitments

The company has no Operational, Capital, Finance or Termination Payment commitments as at September 30, 2017.

Off-Balance Sheet Arrangements

As of the September 30, 2017, the Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial conditions of the Company, including, and without limitation, such considerations as liquidity and capital resources.

Related Party Transactions

(a) Compensation of key management personnel

Key management personnel include persons having the authority and responsibility for planning, directing and controlling the activities of the Group as a whole. The compensation made to directors and other members of key management personnel of the Group Subsidiaries during the period ended September 30, 2017 is set out below:

	September 30, 2017	Restated September 30, 2016
	\$	\$
Salary and Employee benefits including Director's fees	12,000	20,417
Share based payments	-	-
Total	12,000	20,417

Kabuni Ltd.

Management's Discussion and Analysis

For the three months ended September 30, 2017

(b) Related parties

At September 30, 2017, there was \$12,000 directors' fees owing (June 30, 2017 - \$60,226) included in trade and other payables.

At September 30, 2017, there was \$768,322 owing from Print the Future Inc., a company controlled by a former officer and director of the Company. This amount relates to the TSA agreement signed between both parties (note 22). At June 30, 2017, a provision of \$768,322 has been made against this amount which remains at September 30, 2017. All amounts have been reclassified as held for sale as per note 8 of the financial statements.

(c) Loans to/from related parties

There were no loans made to directors of Kabuni and other key management personnel of the Group during the quarter ended September 30, 2017.

At September 30, 2017 there are no loans outstanding/owing to any company controlled by a current or former officer and director of the company (June 30, 2017, \$82,466).

Significant Accounting Estimates

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the year. These estimates are, by their nature, uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the year in which the estimate is revised and future years if the revision affects both current and future years. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the reporting date that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- the valuation of share-based payments and performance shares issued;
- determination of the purchase price of the Company
- the recognition and recoverability of deferred tax assets;
- the assumptions used to measure the fair value of the debt and equity components of convertible debentures;
- the assumptions used to value the derivative liability arising on the convertible debentures;
- assessment of whether there is an indication that an asset may be impaired and making an estimate of the asset's recoverable amount; and
- assessment of the recoverability of loans and other receivables.

Recent Accounting Pronouncements

The following new standards and interpretations are not yet effective and have not been applied in preparing these consolidated financial statements. The Company is currently evaluating the potential impacts of these new standards and does not anticipate any material changes to the consolidated financial statements upon adoption of these new and revised accounting standards.

AASB 9: Financial Instruments and associated Amending Standards

Kabuni Ltd

Management's Discussion and Analysis

For the three months ended September 30, 2017

The Standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace *AASB 139 Financial Instruments: Recognition and Measurement*. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objectives is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ("OCI"). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an "expected credit loss ("ELC") model to recognize an allowance. Impairment will be measured in a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The Company will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the Company.

AASB 15: Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standards will require the following:

1. Contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract.
2. Determination the transaction price, adjusted for the time value of money excluding credit risk.
3. Allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist.
4. Recognition of revenue when each performance obligation is satisfied.

Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognized as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's customers; the significant judgements made in applying the guidance to those contracts; and any assets recognized from the costs to obtain or fulfil a contract with a customer. The Company will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the Company.

AASB 16: Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 *Leases* and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a "right-of-use" asset will be capitalized in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a "right-of-use" asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalized lease will also be recognized, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, earnings before interest, tax, depreciation, and amortisation ("EBITDA") results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The Company will adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed by the Company.

Kabuni Ltd.

Management's Discussion and Analysis

For the three months ended September 30, 2017

Financial Instruments and Risks

The Company is exposed to varying degrees to a variety of financial instrument related risks:

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The fair value of the Company's receivables, accounts payable and accrued liabilities, and loans payable approximate their carrying values due to their short-term nature. The Company's cash and cash equivalents are measured at fair value using Level 1 inputs. The Company is exposed to varying degrees to a variety of financial instrument related risks:

Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. As at September 30, 2017, the Company is exposed to foreign currency risk through its subsidiary, Kabuni Technologies Inc., Kabuni Technologies (India) Private Limited and Kabuni USA. which are denominated in CAD, INR and USD respectively.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash and cash equivalents and receivables are exposed to credit risk. The Company reduces its credit risk on cash and cash equivalents by placing these instruments with institutions of high credit worthiness. As at September 30, 2017, the Company is not exposed to any significant credit risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Included in the loss for the period in the financial statements is interest expense on loans payable and interest income on term deposits. The Company has debt instruments at fixed rates and is therefore not exposed to risk in the event of interest rate fluctuations. As at September 30, 2017, the Company is not exposed to any significant interest rate risk.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash balances to enable settlement of transactions on the due date. The Company addresses its liquidity through equity financing obtained through the sale of ordinary shares. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future.

Kabuni Ltd

Management's Discussion and Analysis

For the three months ended September 30, 2017

Subsequent Event

The sale and purchase agreement entered into with Print the Future, Inc. on May 1, 2017 was further amended on June 30, 2017, and completed on October 17, 2017, with final terms summarised as:-

- PTF acquired from the Kabuni all of the issued and outstanding shares of capital stock of the Sale Corporations, for a purchase price of Australian Dollars ("AUD") \$4,500,000 (the "Purchase Price");
- In part payment of the Purchase Price, PTF delivered to the Company a convertible promissory note, in a principal amount that shall equal the total amounts outstanding under the TSA, including accrued interest, as at June 30, 2017 (the "TSA Note"). The TSA Note will not accrue interest before default. After default, it will bear interest of 22% per annum (as per existing note terms).
- The TSA Note is repayable as follows: (a) \$150,000 on 15 July 2017 (b) \$175,000 on 15 August 2017, and (c) the balance and all accrued and unpaid interest on 15 September 2017. 100% of any capital raised by PTF must be applied to the fixed repayments on the dates set forth above. In addition, 50% of any capital raised by PTF in excess of \$750,000 must be applied to the repayment of the TSA Note within 3 business days of being received. The note will be convertible and secured on the same terms as the Purchase Note (see item 3, below).

Under the Note, PTF has the right to elect to partially repay the Note through the forgiveness of all or part of a loan due to a company by PBT. PTF, Property Beacon Technology Inc. ("PBT") and the Company entered into an agreement effective August 15, 2017, pursuant to which PBT has forgiven an amount of CAD\$26,211.99, being the outstanding balance of the loan due to PBT, and the loan has been terminated and fully released. As a result, each of the Company and PTF have agreed that an amount of AUD\$26,196.27 is deemed repaid in respect of the Note, with effect as of August 15, 2017.

A balance of AUD\$148,803.73 remained due and payable as the first Note repayment on August 15, 2017. PTF failed to pay such amount and accordingly the Company provided PTF with formal notice that an event of default has occurred under the Note, confirming that the Company has not waived the default and expressly reserving all of the Company's rights, powers, privileges and remedies under the Note, applicable law or otherwise.

On September 15, 2017, the remaining balance of the Note became due and payable by PTF, being an amount of A\$518,900.22. PTF has failed to pay such amount when due. Accordingly, the Company has provided PTF with a further formal notice that an event of default has occurred under the Note, confirming that the Company has not waived the default and expressly reserving all of the Company's rights, powers, privileges and remedies under the Note, applicable law or otherwise.

As at the date hereof, the total unpaid principal amount outstanding under the Note is \$667,703.95 (which amount accrues default interest at the rate of 22% per annum). On October 16, 2017, the shareholders approved the PTF transaction at the Meeting and completion occurred on October 17, 2017. At completion, PTF issued a further convertible promissory note to the Company in the amount of approximately A\$3.7 million in consideration for the purchase, which further note is repayable on November 30, 2017.

On October 31, 2017, the Company announced the completion of its selective capital reduction that was approved at the General Meeting held on 16 October 2017 ("General Meeting"). The Selective Reduction was effected pursuant to the Amended and Restated Share Purchase Agreement with PTF which completed on October 17, 2017. The overall effect of the Selective Capital Reduction is as follows:

- reduction of the number of Shares then on issue from 241,443,455 to 221,493,455, being a reduction of 19,950,000 shares representing 8.26% of the total fully paid shares previously on issue; and
- reduction of the number of Performance Shares then on issue from 38,130,493 to 13,525,493, being a reduction of 24,605,000 Performance Shares representing 64.52% of the Performance Shares previously on issue.

On July 17, 2017, the Company announced that it had raised A\$250,000 via a placement of convertible notes to sophisticated investors to provide working capital and to cover costs associated with the PTF Transaction. The notes are convertible at a 20% discount to the price of the next capital raising undertaken by the Company, or at a 20% discount to the 5-day VWAP of the Shares as traded on the ASX, maturing on December 31, 2017. On November 3, 2017, the Company issued 97,630,421 fully paid ordinary shares in the capital of the Company with a deemed issue

Kabuni Ltd.

Management's Discussion and Analysis

For the three months ended September 30, 2017

price of \$0.0024 per share. These shares were issued as full consideration for the conversion and extinguishment of the aforesaid convertible notes (specifically, 234,313 convertible notes with a face value of \$234,313.)

On October 24, 2017, the Company advised of the resignation of Director Ajai Sehgal, to pursue other business interests.

On November 3, 2017, the Company advised of the resignation of Director Nathan Sellyn, to pursue other business interests. Further, the Company advised that Mr Michael Edwards had been appointed as Non-Executive Director to replace Mr Sellyn effective on that date.

Other than as set out above, the Directors are not aware of any matter or circumstance that has arisen since the end of the financial period that, in their opinion, has significantly affected or may significantly affect in future financial years, the operations of the Company, the results of those operations or the Company's state of affairs.

Kabuni Ltd

Management's Discussion and Analysis

For the three months ended September 30, 2017

Risks and Uncertainties

The development activities and start-up operations of the Company involves a high degree of business and financial risk. Accordingly, investment in the securities of the Company involves a high degree of risk and should be regarded as speculative due to the nature of the Company's business. The Company has incurred losses and may incur further losses. The following are the relevant risks of the company related to the operations, results, earnings, business and condition and the condensed consolidated interim financial statements of the Company for the period ended September 30, 2017 which the Company has reviewed and updated as of the date hereof with respect to such quarter. The following risks are not intended to be a complete list of all risk factors. A full discussion and description of the Company's risks which should be taken into account in assessing important factors that could cause the Company's actual results to differ materially from the Company's expectations and which remain applicable to the Company are disclosed under the heading "Risk Factors" in the Company's AIF in respect of its financial year ended June 30, 2017, which is filed with Canadian regulators on SEDAR (www.sedar.com) and also available on the Company's website (www.kabuni.com). Any one or more of the following risks could have a material effect on the Company.

The following risks have been identified as being risks specific to an investment in the Company. These risks may adversely affect the Company's financial position, prospects and price of its listed securities.

Limited operating and revenue generation history

Kabuni is a start-up company, has a limited operating history and there is no assurance that future operations will result in revenues or profits. As a result, Kabuni has no history of material revenue generation. Kabuni has experienced losses in the past, and may not achieve or sustain profitability in the future. If sufficient revenues to operate profitably cannot be generated, operations may be suspended or cease.

Negative operating cash flow

The Company has limited financial resources. To date, Kabuni has experienced negative operating cash flow. Kabuni expects to continue to incur losses unless and until such time as the Company's business generates sufficient revenues to fund its continuing operations. The Company has no history of earnings, and there is no assurance that the Kabuni Business will generate earnings, operate profitably or provide a return on investment in the future.

Future capital requirements

The ability of the company to continue as a going concern and meet its administration and other commitments is dependent upon the Company raising further working capital or commencing profitable operations. In the event the Company is unable to raise further working capital or commence profitable operations, the Company may not be able to meet its liabilities as they fall due, or realise its assets at their stated values. Accordingly, the Company will need to engage in equity or debt financing to secure additional funds. If the Company is unable to obtain debt or equity to fund expansion, there can be no assurance that the Company will have sufficient capital resources to meet its stated objectives in order to carry on the business, or that it will be able to obtain additional resources on terms acceptable to the Company or at all.

Any additional equity financing may be dilutive to the Company's existing shareholders and any debt financing, if available, may involve restrictive covenants, which limit the Company's operations and business strategy. If the Company is unable to raise capital if and when needed, this could delay or suspend the Company's business strategy and would have a material adverse effect on the Company's business, results of operations and financial condition.

Limited trademark and patent protection

The Company has filed for trademark protection for the "KABUNI" brand name in the US, Canada, Europe, Australia and New Zealand. Except as aforesaid, the Company does not currently have any patent or trademark protection of its intellectual property and it is not yet known whether it will be in fact possible to obtain any patent or trademark protection of Kabuni intellectual property and registration of associated trademarks in the future. Third parties may infringe or misappropriate the Company's trademarks or other intellectual property rights or may challenge the validity of the Company's trademarks or other intellectual property rights, which could have a material adverse effect on the Company's business, results of operations and financial condition. The actions that the Company takes to protect its trademarks, patents, software, data and other proprietary rights may not be adequate. Litigation may be necessary to enforce or protect the Company's intellectual property rights, protect its trade secrets or determine the validity and scope of the proprietary rights of others.

Key personnel

The Company's future success will depend upon its continued ability to identify, hire, develop, motivate and retain highly skilled personnel, including senior management, engineers, designers, product managers, sales representatives, and user support representatives. The Company's ability to execute efficiently is dependent upon contributions from its employees, including its senior management team. In addition, there may occasionally be changes in the senior

Kabuni Ltd.

Management's Discussion and Analysis

For the three months ended September 30, 2017

management team that may be disruptive to its business. If the Company's senior management team, including any new hires that the Company may make, fails to work together effectively and to execute on its plans and strategies on a timely basis, this have a material adverse effect on the Company's business, results of operations and financial condition.

Insurance risk

In certain circumstances the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

Potential acquisitions

As part of its business strategy, the Company may make acquisitions of or significant investments in companies, products or technologies. Any such future transactions would be accompanied by the risks commonly encountered in making acquisitions of companies, products, technologies or resource projects.

Liquidity risk

There can be no guarantee that there will continue to be an active market for Shares or that the price of Shares will increase. There may be relatively few buyers or sellers of Shares on ASX at any given time. This may affect the volatility of the market price of Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less or more than the price paid under the Offers.

Securities investment risk

Applicants should be aware that there are risks associated with any securities investment. Securities listed on the stock market, and in particular securities of technology companies have experienced extreme price and volume fluctuations that have often been unrelated to the operating performances of such companies. These factors may materially affect the market price of the securities regardless of the Company's performance.

Controls and Procedures

The Company's management is responsible for establishing and maintaining adequate internal controls over financial reporting. Any systems of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. There have been no changes in the Company's internal control over financial reporting during the period ended September 30, 2017 that have materially affected, or are reasonably likely to materially affect, the internal control over financial reporting.

Management's Report on Disclosure of Controls and Procedures

Management of the Group has established process to provide them sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the consolidated financial statements; and (ii) the consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Group, as of the date of and for the periods presented. There have been no changes in the Group's disclosure controls and procedures during the financial period ended September 30, 2017.

Caution Regarding Forward-Looking Statements

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends," "anticipates," "believes," or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might", or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. Specifically, this MD&A includes,

Kabuni Ltd

Management's Discussion and Analysis

For the three months ended September 30, 2017

but is not limited to, forward-looking statements regarding the Company's ability to meet its working capital needs at the current level for the next twelve-month period ended June 30, 2018; management's outlook regarding future trends, sensitivity analysis on financial instruments, which may vary from amounts disclosed; and general business and economic conditions.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause Kabuni's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements, whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.