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The Manager
Market Announcements Office
Australian Securities Exchange
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

ACQUISITION OF JAXSTA HOLDINGS PTY LTD AND PROPOSED CAPITAL RAISING

On 1 February 2018, Mobilarm Limited (**Company**) announced it had entered into a binding heads of agreement (**HOA**) for the proposed acquisition of Jaxsta Holdings Pty Ltd ACN 612 656 372 (**Jaxsta**) (**Acquisition**).

The Company provides below full details relating to the Jaxsta business and the Acquisition.

1. CHANGE OF ACTIVITIES

The Acquisition of Jaxsta will constitute a change in the nature and scale of the Company's activities from a man overboard business to the Jaxsta Business.

In this circumstance, the Company will be required, pursuant to Listing Rule 11.1.2, to obtain approval from Mobilarm's shareholders at a general meeting. The Company will also be required, pursuant to Listing Rule 11.1.3, to re-comply with chapters 1 and 2 of the Listing Rules.

Mobilarm has entered into a binding heads of agreement to sell its man overboard subsidiary Marine Rescue Technologies (**MRT**) for \$6.0 million to Secure2Go Pty Ltd.

2. JAXSTA BUSINESS

2.1 What is Jaxsta and how its business works

Jaxsta is an Australian company that carries on a music database business. Jaxsta's management team is led by its current directors and founding shareholders, Jacqueline Louez Schoorl and Louis Schoorl. Jaxsta's main business activities are conducted in Sydney, Australia and Los Angeles, USA.

Jaxsta has developed a database of official music metadata that operates in the global music industry. Its Platform comprises online applications for desktop, smartphones and tablets, with plans to develop apps for iOS and Android enabling users to access official information. Jaxsta's technology is a cloud-based metadata and business intelligence platform (**Platform**) that employs proprietary metadata processing and entity recognition technology.

Jaxsta uses technology to solve a first-hand need for data. The continual boom of digital music has seen an end to the printed "jacket" that once came with a physical CD or LP - where music enthusiasts and professionals would look to discover the story behind the music. Jaxsta makes that information available again and enhances it in ways only possible through modern big data technology.

Jaxsta is the data repository for official information, collecting catalogue data from most of the major and independent record labels, publishers, royalty agencies and industry associations across the globe.

Jaxsta has built ingestion tools and a bespoke data supply chain to handle the diverse formats of the music industry, from defined standards to ad-hoc data exports. They have already loaded some of the most significant catalogues in the music industry and are finalising deals to complete their coverage of official data.

The data provided to Jaxsta is managed by Jaxsta's database which was developed and is owned by Jaxsta. The database is regularly monitored for data accuracy and integrity. By sourcing the data from multiple authoritative sources, the result is a massive database of official music credits which can be used as the source of information for music industry participants and fans of music. The information is stored and backed up on various servers worldwide, ensuring that data is up to date and stored in a way to prevent data loss.

The data is organised, de-duplicated and cross-referenced, and then made available within a multi-functional, ever-evolving platform incorporating websites, web services, apps and more.

Music credits and liner notes can now return to the forefront as a means of music discovery, which opens up a range of new applications also catered for within the Jaxsta Platform. These include chart movements, market data, event calendars, industry networking tools, artist management, application program interface (**API**) integration and much more, all comprehensively integrated through Jaxsta's sophisticated technical architecture and data provision.

Jaxsta aims to resolve many of the music industry's information problems. Jaxsta is designed to be the most authoritative resource for music data content. It can aggregate data from most of the major and independent music labels, publishers, royalty societies and music industry associations in a comprehensive and user-friendly way. Easy to navigate, clear and uncluttered, Jaxsta utilises any internet browser, Mac, PC, iOS, Android smartphones and tablets to provide accurate real time information on music label titles, label copy, artists, production personnel and events.

Currently labels, producers and other key industry participants have data regarding their own operations, mostly in differing formats and at varying levels. This creates significant problems for those seeking music related information, because this data is fragmented and it is difficult, if not impossible, to accurately access all that an industry professional or fan requires.

Jaxsta seamlessly integrates all of this data from all of these sources and provides a fully accessible industry information resource.

2.2 Jaxsta's commercial arrangements for collecting data

Jaxsta is currently a party to many commercial data access agreements with data partners, including The Recording Academy. Jaxsta has completed the ingestion of all data held by The Recording Academy.

In addition, Jaxsta has agreed terms with major labels and distributors which will see Jaxsta having arrangements in place covering approximately 88% of the music market. Delivery of long form commercial data access agreements with these labels is expected to be finalised in February/March 2018. Importantly, although the long form binding agreements have not been entered into, Jaxsta has already commenced receiving and ingesting the data from these labels. Data transfer testing from one of the major labels commenced on 8 January 2018 and Jaxsta is expecting full data ingestion to be completed within approximately 8 weeks. Data transfer from other major labels is expected commence shortly and take approximately 6 to 8 weeks.

The terms of these commercial data access agreements include the data to be provided and the ongoing provision of that data, the authorisation for Jaxsta to use the data in its commercial platforms for the purposes of generating revenues, the payment by Jaxsta for the data in the form of a royalty rate based on revenues earned.

Jaxsta's Platform is scheduled to launch in the first half of 2018, depending on the length of time it takes to ingest data and catalogues.

Jaxsta's services include:

- (a) Jaxsta Pro (subscription based membership) – available from launch;
- (b) Jaxsta Commercial API (metadata API and data-feed sale for digital service providers) – scheduled for June 2018;
- (c) Jaxsta advertising (campaign specific advertising on jaxsta.com) – scheduled for August 2018;
- (d) Jaxsta Reports (industry specific reports created for various sectors of the industry) – scheduled for October 2018; and
- (e) 3rd party affiliate sales (sales driven by click throughs from jaxsta.com to outside services) – scheduled for 6-12 months from launch.

Once Jaxsta implements an integration with a data partner, updates are automatic and follow a repeatable process. Jaxsta's policy is to create re-usable integrations to ensure that all of the work is done by Jaxsta up front in integrating with data partner's systems, both to reduce the burden of development and remove the need for complex cross-company integrations. Jaxsta leverages existing systems and supply chain processes to ensure it is a destination for existing information.

In terms of its intellectual property, due to the uniqueness of the Jaxsta solution, a significant portion of the development is original work. Jaxsta has used no existing proprietary platform solutions or data structures to drive its product. Jaxsta has been

exploring options for patenting aspects of their solutions and they believe there is significant innovation in their approach.

Jaxsta is currently working with a patent attorney on their provisional patent and intends to file a provision patent in respect of their unique data processing solutions by the second quarter of 2018. Jaxsta (or its associates) holds trademarks in Australia in the form of word and logo marks, in the USA a trademark for its name and an application pending in respect of its logo and in the United Kingdom a registered trademark for its name and a logo and a pending application for a logo.

2.3 Jaxsta's road to public launch

The process before going live (Live Beta) is as follows:

- (a) ingest supply chain data;
- (b) ingest deep metadata;
- (c) attain 75% qualitative data coverage; and
- (d) launch live Platform and market the Jaxsta Pro suite of services.

Jaxsta's quality assurance process has been to set a very high standard to set Jaxsta up to be what it sees as a compelling 'gold standard' offer from day one.

2.4 How Jaxsta will generate revenue

When Jaxsta's Platform goes live, its Pro and Enterprise solutions service will be available on-line for customers to access with the Jaxsta Commercial API being available soon after. Jaxsta will generate income from its Pro, Enterprise and API solutions for which individual or entities purchase license on-line to access the information.

- (a) **Jaxsta Pro:** Jaxsta's industry vetted membership service will provide access to key industry information including official industry charts and new service 'Jaxsta Chart Alerts', market research which could be compared to an industry dashboard such as Bloomberg, an industry rolodex and much more. Industry professional subscribers will log onto "Jaxsta Pro" and enter into an agreement to obtain information and to authorise Jaxsta to publish information regarding themselves and their business. The rollout of Jaxsta Pro will offer detailed membership subscription models for industry professionals, creative talent and music industry students.
- (b) **Jaxsta Enterprise:** Jaxsta Enterprise: the second tier of the pro subscription service will secure "Jaxsta Enterprise" memberships for company-wide subscriptions and large scale organisations. For example, labels, publishing houses, royalty associations and industry bodies will buy site licenses offering them additional benefits on top of their discounted membership which will ensure all staff have access to Jaxsta. Jaxsta will start with the US, UK and Australian markets and adapt to the top 20 markets as the database grows.

- (c) **Jaxsta Commercial API:** The Jaxsta Commercial API is intended to offer a web-service based version of the data in the Jaxsta database – something data partners or third parties can use to enhance their existing content. Jaxsta will licence their API to a number of digital service providers. There are many different ways Jaxsta's API can be incorporated into a business solution. For radio networks, for example, accurate liner notes can help on-air talent with further talking points. Jaxsta Commercial API is proposed to be available from June 2018.
- (d) **Industry Reports:** There are many different facets of the music industry, from record labels to publishing to music supervision in film and television. The reports will be auto generated by picking fields of data that are required for each report. Every different facet of the industry will be able to auto generate a report that is specific for their need be it a music supervisor, a manager, a record label, a booking agent. Jaxsta will be able to cater reports for any sector of the industry, saving them crucial time.
- (e) **Third Party Affiliate Sales:** There are many opportunities for affiliate sales in the music industry from revenue for streaming subscriptions to music related sales. For example, if a user of the Jaxsta.com website clicks through to buy a concert ticket from a concert promoter, Jaxsta will get a clip of the ticket. Rollout is expected 8 -12 months from launch. Other third-party affiliate sales include merchandise sales and product sales including for example a purchase of Vinyl or artist merchandise.
- (f) **Jaxsta Advertising:** Jaxsta's growth strategy will initially focus on deploying its service and marketing its Pro and Enterprise business model. Jaxsta has generated industry demand through its B2B marketing efforts and through its beta programs in which it involved many industry participants. Jaxsta believes the Platform will revolutionise how people work, therefore making Jaxsta a time saving essential business tool. Jaxsta will have the ability to focus campaign specific messages to targeted website audiences providing cost effective advertising with easy results measurement. The ability to have targeted ads featured with relevant artists. These will be direct advertising campaigns and will remain campaign specific.

3. ACQUISITION TERMS

Pursuant to the HOA, Mobilarm has agreed to acquire all of the shares and other securities issued in Jaxsta that it does not already hold, subject to the satisfaction or waiver of conditions precedent. The parties will enter into a formal share sale agreement (**SPA**) that is consistent in all material respects with the commercial principles set out in the HOA. The founding shareholders of Jaxsta, Jacqui Louez Schoorl and Louis Schoorl (**Founders**), are not associated with Mobilarm's existing Directors. A summary of the key terms of the Acquisition is set out below. The HOA also contains warranties and indemnities granted by and to the Company, among other terms. The Company's proposed corporate structure following completion of the Acquisition is set out in Schedule 2.

3.1 Consideration Shares

Subject to satisfaction or waiver of conditions precedent to the Acquisition (summarised in section 3.2 below), as consideration for the Acquisition of all of

Jaxsta's securities not currently held by it, the Company has agreed to issue upon completion of the Acquisition, an aggregate of 100,551,691 fully paid ordinary shares (**Shares**) in the capital of the Company (**Consideration Shares**) to Jaxsta's existing shareholders, on a post-consolidation and pro-rata basis, a rate of 3.4 shares per 1 shares in Jaxsta.

3.2 Conditions Precedent

Entry into the SPA will be subject to the satisfaction of the following conditions precedent:

- (a) Mobilarm being satisfied in all respects with its commercial, financial and legal due diligence on Jaxsta and the Jaxsta Business;
- (b) Jaxsta's majority shareholders being satisfied in all respects with their commercial, financial and legal due diligence on Mobilarm and its business;
- (c) the Founders and all other relevant key employees (as identified and agreed between the Founders and Mobilarm) having:
 - (i) entered into employment or consultancy agreements with Jaxsta or Mobilarm on overall terms no less favourable than their current terms and acceptable to Mobilarm acting reasonably; and
 - (ii) agreed incentive arrangements on terms reasonably acceptable to both Mobilarm and Jaxsta;
- (d) Mobilarm applying for in-principle advice from ASX under ASX Listing Rule 11.1 to Mobilarm undertaking the Acquisition and ASX not objecting to any aspect of the Acquisition;
- (e) Jaxsta completing at Mobilarm's cost an audit of its financial accounts for each of the financial years ended 30 June 2016 and 2017; and
- (f) completion of a pre-Acquisition capital raising by Jaxsta of not less than \$1 million on terms acceptable to Mobilarm (and any new shareholders under that raising agreeing to comply with the terms of the HOA).

Conditions to SPA completion include:

- (a) receipt of all relevant counterparty consents to change of control or assignment under all material Jaxsta Business contracts;
- (b) receipt by Mobilarm of all relevant shareholder and regulatory approvals to carry out the Acquisition and the Mobilarm consolidation, including without limitation approval of shareholders under all relevant ASX Listing Rules and the Corporations Act 2001 (Cth);
- (c) Mobilarm having completed a minimum \$5 million capital raising at a price of at least \$0.20 per Mobilarm Share (**Capital Raising**);
- (d) conversion of all existing convertible notes in Mobilarm at \$0.0125 per note;

- (e) no material adverse change occurring with respect to the affairs and financial condition and prospects of Jaxsta or Mobilarm (it being acknowledged that Mobilarm intends to sell MRT, or the business and assets of that company, as part of the overall Acquisition);
- (f) a definitive agreement being entered into by Mobilarm (or one of its wholly owned subsidiaries) to sell MRT (or the business and assets of that company) for a value not less than \$6 million and otherwise on terms acceptable to the directors of Mobilarm and the Founders acting reasonably;
- (g) each Jaxsta shareholder providing Mobilarm with adequate evidence that the Mobilarm Shares to be issued to it can be issued without preparing a disclosure document;
- (h) subsequent to the suspension of quotation of Mobilarm's shares on ASX as a consequence of the Acquisition, ASX providing conditional approval to the reinstatement of quotation of Mobilarm's shares, on terms acceptable to Mobilarm and Jaxsta;
- (i) Mobilarm shareholders having approved the change of Mobilarm's name to Jaxsta Limited (or such other name as is agreed), subject to completion occurring;
- (j) the Jaxsta employee share option plan is replaced by a comparable employee incentive plan to be provided by Mobilarm, subject to receipt of professional advice regarding the terms of the plan and it complying with the ASX listing rules;
- (k) the Jaxsta employees being offered the chance to enter into new employment agreements with Mobilarm on overall terms no less favourable than their current terms; and
- (l) all relevant shareholders agreeing to any escrow provisions required by ASX and any underwriter or lead manager for the Capital Raising.

Mobilarm and Jaxsta's majority shareholders may agree to waive the relevant conditions (other than the requirement for Mobilarm shareholder approval and the Capital Raising) by notice to the other parties. The parties must co-operate with each other and do all things reasonably practicable to procure that the Conditions Precedent are fulfilled as soon as reasonably practicable and in any event not later than midnight on 30 April 2018.

At the date of this announcement, the Company has not agreed to pay any finding, arranging or facilitating fees associated with the Acquisition. However, if the need arises, the directors reserve the right to do so.

3.3 Shareholder approval and terms of securities

A general meeting is proposed to be convened to approve the change in activities (pursuant to Listing Rule 11.1.2) referred to above, as arising from the Acquisition, the disposal of the Company's man overboard subsidiary, Marine Rescue Technologies (pursuant to Listing Rule 11.2), the Capital Raising, the consolidation (see below),

Item 7, Section 611 of the Corporations Act and associated business (**General Meeting**).

3.4 Proposed change in Mobilarm's board and management and change of name

At completion of the Acquisition, Ken Gaunt and Sir Tim McClement will resign and Jacqueline Louez Schoorl will be appointed as a executive director the Company (and each subsidiary of the Company).

Ms Schoorl is the CEO and Co-Founder of Jaxsta. Ms Schoorl's career spans two decades across film and music encompassing roles in project development, physical production, post production, film distribution and marketing, for the likes of Channel 9, IF Magazine, George Lucas on 'Star Wars Episode II: Attack of the Clones' and 'Star Wars: Episode III - Revenge of the Sith', Baz Luhrmann and Catherine Martin on their famous 'Chanel No.5' campaign and EMI Music. For the past five years Ms Schoorl has worked on Jaxsta.

The Company is also in discussions for the appointment of an ASX experienced proposed Non-Executive Chairman as well as two other non-executive directors who have the appropriate industry experience. Once terms of the appointments have been agreed, the Company will announce the details of the proposed directors. Jorge Nigaglioni will remain as a director until the new directors are in their positions and David McArthur will remain in his role as company secretary.

The Company will also appoint Phil Morgan as the Chief Information Officer. His experience includes being a music, e-commerce, data and technology strategy expert with over 15 years of detailed experience across online business, from management to data to analysis to development. A graduate of the University of Sydney, with both a Bachelor of Arts and a Master of Commerce, his career highlights include over 7 years in online at Woolworths Limited, and 4 years consulting on ecommerce and technology for Playhouse Digital.

The Company also proposes to seek shareholders' approval at the General Meeting to change its name to "Jaxsta Incorporated Ltd".

4. RELATED PARTY/CONTROL ISSUES

Jacqueline Louez Schoorl and Louis Schoorl are husband and wife. Together, they hold 65% of Jaxsta's issued share capital. On completion of the Acquisition (assuming minimum subscription), Jacqueline Louez Schoorl and Louis Schoorl will together hold approximately 24% (49,460,003) shares on a post-consolidation basis). If required, the approval of Mobilarm's shareholders will be sought for the issue of Shares to Jacqueline Louez Schoorl and Louis Schoorl.

5. EFFECT OF THE RE-COMPLIANCE ON THE COMPANY'S CONSOLIDATED TOTAL ASSETS AND TOTAL EQUITY INTERESTS

The principal effect on the Company's consolidated statement of financial position of the Re-compliance will be:

- (a) current cash assets will increase by approximately \$5,000,000 less costs of \$700,000, comprising net proceeds of the Capital Raising of \$4,300,000; and

(b) total equity interests will increase by a corresponding amount.

6. EFFECT OF THE RE-COMPLIANCE ON THE COMPANY'S REVENUE, EXPENDITURE AND PROFIT BEFORE TAX

The principal effects on the Company's consolidated statement of financial performance for the financial year ended 30 June 2017 will be as shown in the table below:

Revenue	Consolidated	Sale of MRT	Acquisition of Jaxsta	Proforma
Sale of goods	3,888,083	-3,888,083	0	0
Portion of rentals recognised as revenue	1,082,478	-1,082,478	0	0
	4,970,560	-4,970,560	0	0
Cost of units sold	1,131,425	-1,131,425	0	0
Depreciation of units under rental	108,625	-108,625	0	0
	1,240,050	-1,240,050	0	0
Interest income	1,782	-1,782	-	-
Grant income	0	0	427,589	427,589
	1,782	-1,782	427,589	427,589
Operating Expenses	4,651,335	-4,651,335	2,986,492	2,986,492
Profit/(Loss) before income tax	-919,042	919,042	-2,558,903	-2,558,903
Income tax expense/(benefit)	11,015	-11,015	-	-
Loss from operations after income tax	-930,057	930,057	-2,558,903	-2,558,903
Other comprehensive income				
Foreign currency translation reserve movement	-155,583	155,583	0	-49,676
Total comprehensive loss for the period	-1,085,640	1,085,640	-2,558,903	-2,608,579

7. INDICATIVE TIMETABLE

A timetable for the Acquisition and associated events is set out below:

Event	Date
Dispatch of Notice of General Meeting	11 March 2018
Lodgement of Prospectus with ASIC	21 March 2018

Opening date of Public Offer	21 March 2018
General Meeting to approve the Acquisition	11 April 2018
Closing Date of Public Offer	18 April 2018
Issue of Shares under Public Offer	19 April 2018
Settlement of the Acquisition	19 April 2018
Dispatch of Holding Statements	19 April 2018
Re-compliance with Chapters 1 & 2 of the ASX Listing Rules	26 April 2018
Re-instatement to quotation of Shares (including Shares issued under the Public Offer) on ASX	30 April 2018

Note: In the event that Re-instatement does not take place by the End Date (30 April 2018), the Company will seek agreement from all parties to extend the End Date to a date to be mutually agreed.

8. INDICATIVE CAPITAL STRUCTURE

Set out below is the indicative capital structure of the Company following completion of the Acquisition and associated capital raising. The anticipated capital structure of the Company is only an estimate and is subject to variation.

SHARES	
PRE-CONSOLIDATION	
Shares currently on issue	493,119,559
POST-CONSOLIDATION (totals may vary due to rounding and exercise of Options)	
Shares Post-Consolidation	49,311,956
Consideration Shares	100,551,691
Conversion of Performance Share rights	1,250,000
Conversion of convertible notes	32,000,000
Shares to be issued under the Capital Raising	25,000,000
TOTAL¹	208,113,647

Note:

1. This assumes that no options in the Company are exercised.
2. The Consideration Shares to be issued to the Jaxsta shareholders is calculated by multiplying the number of Shares held in Jaxsta (less MBO's shares) adjusted to reflect exchange rates which totals 24,672,066. This figure is then multiplied by the conversion multiplier of 3.4 to give 83,885,024. 16,666,667 shares have been added to include the issue of Consideration Shares to subscribers in the capital raising to be conducted by Jaxsta.

9. CAPITAL RAISING

To assist the Company to re-comply with Chapters 1 and 2 of the Listing Rules, the Company plans, subject to shareholder approval, to conduct a capital raising

under a public offer pursuant to a full form prospectus to raise up to a minimum of \$5 million at a price of at least \$0.20 per Mobilarm Share (**Public Offer**).

As at the date of this announcement, the Public Offer is not underwritten.

The Company intends to apply the funds raised from the Public Offer, together with existing cash reserves post-Acquisition, in the next two years following re-admission to the Official List of the ASX as follows:

FUNDS AVAILABLE	Minimum Subscription (\$5,000,000)	Percentage of Funds (%)
Existing cash reserves ¹	\$2,000,000 ¹	29%
Funds raised from the Capital Raising	\$5,000,000	71%
TOTAL	\$7,000,000	100%
ALLOCATION OF FUNDS	Minimum Subscription (\$5,000,000)	Percentage of Funds (%)
Sales and marketing ²	\$1,000,000	20%
Research and Development ³	\$2,500,000	50%
Expenses associated with the Offer and Acquisition	\$700,000	14%
Working Capital ⁴	\$800,000	16%
TOTAL	\$5,000,000	100%

Notes

1. Cash balance will be as a result of the sale of MRT. There is a further \$4,000,000 of deferred consideration to be paid up to 24 months from the date of sale.
2. Sales development teams to manage all key label accounts and users.
3. Research and development expenses are related to the development of future products and services.
4. Working capital includes the general costs associated with the management and operation of the business including administration expenses, management salaries, directors' fees, rent and other associated costs.

The above table is a statement of current intentions as of the date of this announcement. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

10. ACCOUNTS

The Company's pro forma statement of financial position as at 30 June 2017 for both the Company and Jaxsta is attached at Schedule 1.

A copy of Jaxsta's audited accounts for the period 30 June 2017 is attached at Schedule 3. Jaxsta's half yearly accounts will be available in the prospectus to be issued by the Company for the Capital Raising.

11. PROPOSED ISSUE OF JAXSTA SECURITIES

At the date of this announcement, Jaxsta currently has 27,260,978 shares on issue. Prior to completion of the Acquisition, Jaxsta proposes to issue approximately 39,215,686 shares to institutional shareholders at a price of \$0.051 to raise up to \$2 million for continued development, marketing efforts and working capital to enable Jaxsta to have sufficient capital to operate its business up until the listing is completed. The directors may, at their discretion, seek to raise an additional \$500,000 at the same issue price. In the previous six months, Jaxsta issued on 1 November 2017, 140,978 shares to a sophisticated investor for a total consideration of \$150,000 as a one-off placement to raise funds for continued development of the Platform. Mobilarm has not issued any securities. None of the issues described above were underwritten.

The transaction will also include the conversion of 12,500,000 performance share rights previously issued by the Company. The terms of the performance share rights include a conversion upon a sale or takeover of the main undertaking of the business. The rights have no exercise price.

The transaction will also include the conversion of convertible notes currently held by Mobilarm. The owners of these notes have agreed to convert these notes at \$0.0125 as part of the transaction. The Company owes approximately \$3,957,000 on these convertible notes as of 31 December 2017, which would represent approximately 316,560,000 (pre-Consolidation) ordinary shares upon conversion.

12. KEY RISKS

Some of the key risks the Company faces are (particularly with regard to the Jaxsta Business):

12.1 Software risks

Jaxsta is reliant on the availability and quality of its software. It is possible that an event could occur (ie. a software, hardware or connectivity outage, a software error or malfunction) that renders critical functionality that Jaxsta relies on for business to become unavailable affecting Jaxsta's ability to service its customers. Jaxsta has built backup, redundancy and Disaster Recovery plans into its systems architecture to mitigate this risk.

12.2 Development risks

The Platform has been developed in cooperation with the industry, but such a platform is the first of its kind in this format. The Company has built its business model to succeed at conservative take up levels. As with all software businesses, development time is crucial. Jaxsta requires continuous development in order to grow the business by providing more features, new revenue streams and competitive barriers. Jaxsta mitigates these risks by implementing Agile software development practises to ensure that the Platform can pivot and evolve based on changing requirements.

12.3 Future funding needs

The funds raised under the Public Offer are considered sufficient to meet the immediate objectives of the Company. Further funding may be required by the Company in the event costs exceed estimates or revenues do not meet estimates, to support its ongoing operations and implement its strategies. For example, funding may be needed to develop new and existing products or acquire complimentary businesses and technologies. Accordingly, the Company may need to engage in equity or debt financings to secure additional funds. There can be no assurance that such funding will be available on satisfactory terms or at all at the relevant time. Any inability to obtain sufficient financing for the Company's activities and future projects may result in the delay or cancellation of certain activities or projects, which would likely adversely affect the potential growth of the Company.

12.4 Attracting and retaining customers to the Platform

The Company's revenue will be affected by its ability to attract and retain customers on the Platform. Various factors, such as marketing and promotions, brand damage or interruptions to service provisions, can affect the level of these customers using the Platform.

12.5 Computer system risk

Jaxsta, by necessity, places and will continue to place significant reliance on its computer systems and related infrastructure for ongoing operations. A prolonged failure of the computer systems and/or related infrastructure operated by Jaxsta may result in a loss of revenue and profit to Jaxsta. Jaxsta mitigates this risk by utilising cloud based infrastructure backed up across multiple providers.

12.6 Data loss, theft or corruption

Jaxsta has risks on both the data ingestion and data maintenance portion of the business. On the data ingestion side, Jaxsta has developed and driven new standardised tools to ensure compatible data. It has also worked with both industry groups and data partners to utilise standards to ensure the highest level of compatibility. On the data maintenance, Jaxsta utilises various systems and their structures and assets will be managed in order to prevent unauthorised access and corruption of data. Jaxsta will provide its services online through its Platform. Hacking or exploitation of some unidentified vulnerability in its website could lead to a loss, theft or corruption of data. Jaxsta has strategies and protections in place to mitigate security breaches and to protect data.

12.7 Counterparty risk

Jaxsta has executed and expects in the normal course of business to execute several commercial agreements and arrangements in the future with third parties that are or may be material to the financial performance and prospects of the business. All agreements carry risks associated with the performance by the parties to them of their obligations as to payment of moneys, time and quality of work performed and potential revenue pressure on the Company through the non-observance or renegotiation of agreements.

12.8 Reputation Risk

Jaxsta operates in an online environment. Negative publicity can spread quickly, whether true or false. Disgruntled customers posting negative comments about Jaxsta, in public forums may have a damaging effect on Jaxsta's reputation and its ability to earn revenues and profits.

13. KEY DEPENDENCIES

The key dependencies influencing the viability of the Acquisition are:

- (a) the Company's capacity to re-comply with Chapters 1 and 2 of the Listing Rules to enable re-admission to quotation of the Company's securities; and
- (b) raising sufficient funds to carry out its growth strategy and business objectives.

14. CONSOLIDATION

As part of the Acquisition and the Company's proposed re-compliance with Chapters 1 and 2 of the Listing Rules, the Company will be required to consolidate its issued capital to facilitate a theoretical share price and option exercise price of at least \$0.20. Accordingly, in this circumstance, the Company proposes to consolidate its issued capital on the basis that every 10 securities will consolidate into one security subject to shareholders' approval.

15. ASX WAIVERS

The Company will seek a waiver of Listing Rule 9.1.3 to obtain "look-through" relief for Jaxsta shareholders being issued Shares as part of the Acquisition.

16. REGULATORY REQUIREMENTS GENERALLY

The Company has been a shareholder in Jaxsta since June 2016. The Company has undertaken appropriate enquiries into the assets and liabilities, financial position and performance, profits and losses, and prospects of Jaxsta for the board of the Company to be satisfied that the transaction is in the interests of the Company and its security holders.

The Company notes that:

- (a) the Acquisition requires shareholder approval under the Listing Rules and therefore may not proceed if that approval is not forthcoming;
- (b) the Company is required to re-comply with ASX's requirements for admission and quotation and therefore the Acquisition may not proceed if those requirements are not met;
- (c) ASX has an absolute discretion in deciding whether or not to re-admit the Company to the Official List and to quote its securities and therefore the Acquisition may not proceed if ASX exercises that discretion to not re-admit; and

- (d) investors should take account of these uncertainties in deciding whether or not to buy or sell the Company's securities.

Furthermore, the Company

- (e) notes that ASX takes no responsibility for the contents of this announcement; and
- (f) confirms that it is in compliance with its continuous disclosure obligations under Listing Rule 3.1

For further information please contact:

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Important Notice

Some of the statements appearing in this announcement may be in the nature of forward looking statements. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the industries in which the Company operates and proposes to operate as well as general economic conditions, prevailing exchange rates and interest rates and conditions in the financial markets, among other things. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement. No forward looking statement is a guarantee or representation as to future performance or any other future matters, which will be influenced by a number of factors and subject to various uncertainties and contingencies, many of which will be outside the Company's control.

The Company does not undertake any obligation to update publicly or release any revisions to these forward looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions or conclusions contained in this announcement. To the maximum extent permitted by law, none of the Company, its Directors, employees, advisors or agents, nor any other person, accepts any liability for any loss arising from the use of the information contained in this announcement. You are cautioned not to place undue reliance on any forward looking statement. The forward looking statements in this announcement reflect views held only as at the date of this announcement.

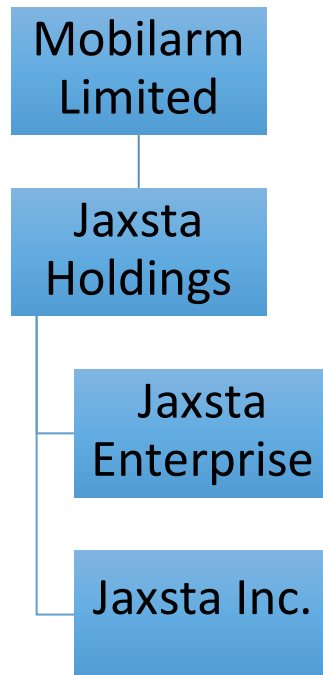
This announcement is not an offer, invitation or recommendation to subscribe for, or purchase securities by the Company. Nor does this announcement constitute investment or financial product advice (nor tax, accounting or legal advice) and is not intended to be used for the basis of making an investment decision. Investors should obtain their own advice before making any investment decision. By reviewing or retaining this announcement, you acknowledge and represent that you have read, understood and accepted the terms of this important notice.

Schedule 1 - Pro forma balance sheet

	Consolidated	Sale of MRT	Acquisition of Jaxsta	Proforma
	2017			
	\$			
CURRENT ASSETS				
Cash and cash equivalents	742,743	1,457,257	5,008,998	7,208,998
Trade and other receivables	1,062,831	(1,062,831)	21,794	21,794
Inventories	1,623,394	(1,623,394)	-	-
Other current assets	1,391,858	(191,858)	1,167,982	32,018
TOTAL CURRENT ASSETS	4,820,826	(1,420,826)	3,862,810	7,262,810
NON-CURRENT ASSETS				
Plant and equipment	804,305	(804,305)	501,101	501,101
Intangible assets and goodwill	2,439,333	(2,439,333)	22,331,843	22,331,843
Deferred compensation	-	4,000,000	-	4,000,000
Investment in other businesses	1,500,000	-	(1,500,000)	-
TOTAL NON-CURRENT ASSETS	4,743,638	756,362	21,332,944	26,832,844
TOTAL ASSETS	9,564,464	(664,464)	25,195,754	34,095,754
CURRENT LIABILITIES				
Trade and other payables	1,550,565	(1,550,565)	564,466	564,466
Interest bearing loans and borrowings	3,599,719	-	(3,599,719)	-
Provisions	84,250	(84,250)	69,909	69,909
TOTAL CURRENT LIABILITIES	5,234,534	(1,634,815)	-2,965,344	634,375
NON-CURRENT LIABILITIES				
Provisions	50,119	(50,119)	-	-
Interest bearing loans and borrowings	-	-	294,845	294,845
TOTAL NON-CURRENT LIABILITIES	50,119	(50,119)	294,845	294,845
TOTAL LIABILITIES	5,284,653	(1,684,934)	(2,670,499)	929,220

	Consolidated	Sale of MRT	Acquisition of Jaxsta	Proforma
NET ASSETS	4,279,811	1,020,470	28,100,958	33,166,534
EQUITY				
Contributed equity	30,601,809	2,200,000	30,682,325	63,484,134
Accumulated losses	-27,740,691	239,163	(2,816,072)	(30,317,600)
Reserves	1,418,693	(1,418,693)	-	-
TOTAL EQUITY	4,279,811	1,020,470	27,866,253	33,166,534

Schedule 2 – Group structure diagram expected at listing



Schedule 3 – Jaxsta Holdings Pty Ltd 30 June 2017 and 2016 Audited Accounts

Jaxsta Holdings Pty Ltd

ACN : 612 656 372

Financial Statements

For the Year Ended 30 June 2017

Jaxsta Holdings Pty Ltd

ACN : 612 656 372

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For the Year Ended 30 June 2017

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Jaxsta Holdings Pty Ltd

ACN : 612 656 372

Directors' Report
For the Year Ended 30 June 2017

The directors present their report on Jaxsta Holdings Pty Ltd (the "Company"), together with the financial statements of ("the Group"), being the Company and its controlled entity, for the financial period ended 30 June 2017.

1. General information

Information on directors

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

Jacqueline Samantha Louez Schoorl appointed 27 May 2016

Louis Schoorl appointed 27 May 2016

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

Principal activities

The principal activities of the Group during the financial period were to operate music database platforms. No significant change in the nature of these activities occurred during the period.

2. Operating results and review of operations for the year

Operating results

The consolidated loss of the Group amounted to \$ (2,667,094) (2016: \$(146,428)).

3. Other items

Significant changes in state of affairs

There have been no significant changes in the state of affairs of entities in the Group during the period.

Events after the reporting date

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Future developments and results

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

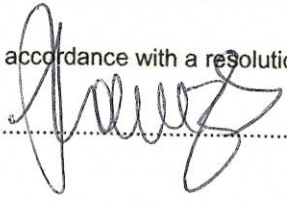
Indemnification and insurance of officers and auditors

No indemnities have been given or insurance premiums paid, during or since the end of the financial period, for any person who is or has been an officer or auditor of Jaxsta Holdings Pty Ltd.

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the period ended 30 June 2017 has been received and can be found on page 2 of the financial report.

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

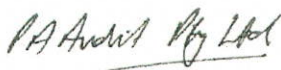
Director: 
Jacqueline Samantha Louez Schoorl

Dated this7th..... day ofDecember..... 2017

**Auditor's Independence Declaration under Section 307C of the
Corporations Act 2001 to the Directors of
Jaxsta Holdings Pty Ltd and Controlled Entities**

I declare that, to the best of my knowledge and belief, during the period ended 30 June 2017, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



PA AUDIT PTY LTD



**KATHAL SPENCE
DIRECTOR**

Fremantle, WA 6160
7 December 2017

Jaxsta Holdings Pty Ltd

ACN : 612 656 372

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2017

	2017	2016
	\$	\$
Other income	427,589	638
Employee costs	(1,372,723)	(75,875)
Depreciation and Amortisation	(87,932)	(49,921)
Other expenses	(1,634,027)	(23,820)
Loss before income tax	(2,667,093)	(148,978)
Income tax expense	-	-
Loss from continuing operations	(2,667,093)	(148,978)
Other comprehensive income, net of income tax		
Other comprehensive income	-	-
Total comprehensive income for the period	(2,667,093)	(148,978)

The accompanying notes form part of these financial statements.

Jaxsta Holdings Pty Ltd

ACN : 612 656 372

Consolidated Statement of Financial Position

As At 30 June 2017

	Note	2017 \$	2016 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	8,998	144,048
Trade and other receivables	6	21,794	15,142
Other assets	9	32,018	10,866
TOTAL CURRENT ASSETS		62,810	170,056
NON-CURRENT ASSETS			
Property, plant and equipment	7	501,101	231,754
Intangible assets	8	4,248,839	4,107,242
TOTAL NON-CURRENT ASSETS		4,749,940	4,338,996
TOTAL ASSETS		4,812,750	4,509,052
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	564,466	88,038
Current tax liabilities		69,909	-
TOTAL CURRENT LIABILITIES		634,375	88,038
Borrowings		1,494,845	1,069,990
TOTAL NON-CURRENT LIABILITIES		1,494,845	1,069,990
TOTAL LIABILITIES		2,129,220	1,158,028
NET ASSETS		2,683,530	3,351,024
EQUITY			
Issued capital	11	5,499,602	3,500,002
Retained Earning		(2,816,072)	(148,978)
TOTAL EQUITY		2,683,530	3,351,024

The accompanying notes form part of these financial statements.

Jaxsta Holdings Pty Ltd

ACN : 612 656 372

Consolidated Statement of Changes in Equity For the Period Ended 30 June 2017

2017

	Note	Ordinary Shares \$	Retained Earnings \$	Total \$
Balance at 1 July 2016		3,500,002	(148,979)	3,351,023
Shares issued during the year	11	1,999,600	-	1,999,600
Loss attributable to members of the parent entity		-	(2,667,093)	(2,667,093)
Balance at 30 June 2017		5,499,602	(2,816,072)	2,683,530

2016

	Note	Ordinary Shares \$	Retained Earnings \$	Total \$
Balance at 27 May 2016		-	-	-
Shares issued during the period	11	3,500,002	-	3,500,002
Loss attributable to members of the parent entity		-	(148,978)	(148,978)
Balance at 30 June 2016		3,500,002	(148,978)	3,351,024

The accompanying notes form part of these financial statements.

Jaxsta Holdings Pty Ltd

ACN : 612 656 372

Consolidated Statement of Cash Flows

For the Period Ended 30 June 2017

	Note	2017 \$	2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		427,589	638
Payments to suppliers and employees		(2,488,199)	(334,855)
Net cash provided by/(used in) operating activities	16	<u>(2,060,610)</u>	<u>(334,217)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		(498,895)	(21,737)
Net cash provided by/(used in) investing activities		<u>(498,895)</u>	<u>(21,737)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issue of shares		1,999,600	500,002
Proceeds from borrowings		424,855	-
Net cash provided by/(used in) financing activities		<u>2,424,455</u>	<u>500,002</u>
Net increase/(decrease) in cash and cash equivalents held		(135,050)	144,048
Cash and cash equivalents at beginning of year		144,048	-
Cash and cash equivalents at end of the period	5	<u>8,998</u>	<u>144,048</u>

The accompanying notes form part of these financial statements.

Jaxsta Holdings Pty Ltd

ACN : 612 656 372

Notes to the Consolidated Financial Statements For the Period Ended 30 June 2017

The financial report covers Jaxsta Holdings Pty Ltd and its controlled entities ('the Group'). Jaxsta Holdings Pty Ltd is a for-profit proprietary Company, incorporated and domiciled in Australia.

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

The financial report was authorised for issue on 07 December 2017 by the Board of Directors.

1 Basis of Preparation

In the Directors opinion, the Company is not a reporting entity since there are unlikely to exist users of the financial statements who are not able to command the preparation of reports tailored so as to satisfy specifically all of their information needs. This special purpose financial report has been prepared to meet the reporting requirements of the *Corporations Act 2001*.

The financial statements have been prepared in accordance with the recognition and measurement requirements of the Australian Accounting Standards and Accounting Interpretations, and the disclosure requirements of AASB 101 *Presentation of Financial Statements*, AASB 107 *Statement of Cash Flows*, AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* and AASB 1054 *Australian Additional Disclosures*.

2 Summary of Significant Accounting Policies

(a) Basis for consolidation

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

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

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

Details of controlled entity is contained in Note 12 to the financial statements.

Subsidiary

Subsidiary is an entity (including structured entities) over which the parent has control. Control is established when the parent is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

(b) Income Tax

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

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

Deferred tax is provided on temporary differences which are determined by comparing the carrying amounts of

Notes to the Consolidated Financial Statements

For the Period Ended 30 June 2017

2 Summary of Significant Accounting Policies

(b) Income Tax

tax bases of assets and liabilities to the carrying amounts in the consolidated financial statements.

Deferred tax is not provided for the following:

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).
- Taxable temporary differences arising on the initial recognition of goodwill.
- Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

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

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

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

(c) Leases

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

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

(d) Revenue and other income

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

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

Other income

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

(e) Borrowing costs

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

Notes to the Consolidated Financial Statements
For the Period Ended 30 June 2017

2 Summary of Significant Accounting Policies

(e) Borrowing costs

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

(f) Goods and services tax (GST)

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

Receivables and payable are stated inclusive of GST.

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

(g) Property, plant and equipment

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

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

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

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

(h) Financial instruments

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

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

Financial Assets

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables;
- financial assets at fair value through profit or loss;
- available-for-sale financial assets; and

Notes to the Consolidated Financial Statements

For the Period Ended 30 June 2017

2 Summary of Significant Accounting Policies

(h) Financial instruments

- held-to-maturity investments.

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

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

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

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

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

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets:

- acquired principally for the purpose of selling in the near future
- designated by the entity to be carried at fair value through profit or loss upon initial recognition or
- which are derivatives not qualifying for hedge accounting.

The Group has some derivatives which are designated as financial assets at fair value through profit or loss.

Assets included within this category are carried in the consolidated statement of financial position at fair value with changes in fair value recognised in finance income or expenses in profit or loss.

Any gain or loss arising from derivative financial instruments is based on changes in fair value, which is determined by direct reference to active market transactions or using a valuation technique where no active market exists.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity. Investments are classified as held-to-maturity if it is the intention of the Group's management to hold them until maturity.

Notes to the Consolidated Financial Statements

For the Period Ended 30 June 2017

2 Summary of Significant Accounting Policies

(h) Financial instruments

Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method, with revenue recognised on an effective yield basis. In addition, if there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated cash flows. Any changes to the carrying amount of the investment are recognised in profit or loss.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets or which have been designated in this category. The Group's available-for-sale financial assets comprise listed securities.

All available-for-sale financial assets are measured at fair value, with subsequent changes in value recognised in other comprehensive income.

Gains and losses arising from financial instruments classified as available-for-sale are only recognised in profit or loss when they are sold or when the investment is impaired.

In the case of impairment or sale, any gain or loss previously recognised in equity is transferred to the profit or loss.

Losses recognised in the prior period consolidated consolidated statement of profit or loss and other comprehensive income resulting from the impairment of debt securities are reversed through the consolidated statement of profit or loss and other comprehensive income, if the subsequent increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired. Although the Group uses derivative financial instruments in economic hedges of currency and interest rate risk, it does not hedge account for these transactions.

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

Impairment of financial assets

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

Financial assets at amortised cost

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

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

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

Notes to the Consolidated Financial Statements

For the Period Ended 30 June 2017

2 Summary of Significant Accounting Policies

(h) Financial instruments

Available-for-sale financial assets

A significant or prolonged decline in value of an available-for-sale asset below its cost is objective evidence of impairment, in this case, the cumulative loss that has been recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Any subsequent increase in the value of the asset is taken directly to other comprehensive income.

(i) Intangibles

Goodwill

Goodwill is calculated as the excess of the sum of:

- i) the consideration transferred;
- ii) any non-controlling interest; and
- iii) the acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of net identifiable assets acquired in a business combination.

Under the 'full goodwill method', the fair values of the non-controlling interests are determined using valuation techniques which make the maximum use of market information where available.

Goodwill is not amortised but is tested for impairment annually and is allocated to the Group's cash generating units or groups of cash generating units, which represent the lowest level at which goodwill is monitored but where such level is not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold.

Changes in the ownership interests in a subsidiary are accounted for as equity transactions and do not affect the carrying values of goodwill.

(j) Impairment of non-financial assets

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

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

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

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

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

Notes to the Consolidated Financial Statements
For the Period Ended 30 June 2017

2 Summary of Significant Accounting Policies

(j) Impairment of non-financial assets

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

(k) Cash and cash equivalents

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

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

(l) Share capital

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

(m) New Accounting Standards and Interpretations

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

Standard Name	Effective date for Group	Requirements	Impact
AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112]	Annual reporting periods beginning on or after 1 January 2017	This standard amends AASB 112 Income Taxes to clarify the requirements on recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value.	This Interpretation is not expected to significantly impact the Company's financial statements.

Jaxsta Holdings Pty Ltd

ACN : 612 656 372

Notes to the Consolidated Financial Statements For the Period Ended 30 June 2017

2 Summary of Significant Accounting Policies

(m) New Accounting Standards and Interpretations

Standard Name	Effective date for Group	Requirements	Impact
AASB 15 Revenue from contracts with customers	Annual reporting periods beginning on or after 1 January 2018	AASB 15 introduces a five step process for revenue recognition with the core principle of the new Standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services.	This Interpretation is not expected to significantly impact the Company's financial statements.
AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15			
AASB 2015-8 Amendments to Australian Accounting Standards – Effective date of AASB 15 AASB 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15		Accounting policy changes will arise in timing of revenue recognition, treatment of contracts costs and contracts which contain a financing element.	
		AASB 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.	
AASB 16 Leases	Annual reporting period beginning on or after 1 January 2019	AASB 16 will cause the majority of leases of an entity to be brought onto the statement of financial position. There are limited exceptions relating to short-term leases and low value assets which may remain off-balance sheet.	This Interpretation is not expected to significantly impact the Company's financial statements.
		The calculation of the lease liability will take into account appropriate discount rates, assumptions about lease term and increases in lease payments.	
		A corresponding right to use asset will be recognised which will be amortised over the term of the lease.	
		Rent expense will no longer be shown, the profit and loss impact of the leases will be through amortisation and interest charges.	

Jaxsta Holdings Pty Ltd

ACN : 612 656 372

Notes to the Consolidated Financial Statements For the Period Ended 30 June 2017

2 Summary of Significant Accounting Policies

(m) New Accounting Standards and Interpretations

Standard Name	Effective date for Group	Requirements	Impact
AASB 9 Financial Instruments	Annual reporting periods beginning on or after 1 January 2018	Significant revisions to the classification and measurement of financial assets, reducing the number of categories and simplifying the measurement choices, including the removal of impairment testing of assets measured at fair value. The amortised cost model is available for debt assets meeting both business model and cash flow characteristics tests. All investments in equity instruments using IFRS 9 are to be measured at fair value.	This Interpretation is not expected to significantly impact the Company's financial statements.
AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2009) AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transitional Disclosures			
AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments		Amends measurement rules for financial liabilities that the entity elects to measure at fair value through profit and loss. Changes in fair value attributable to changes in the entity's own credit risk are presented in other comprehensive income.	
AASB 2014-1 Amendments to Australian Accounting Standards			
AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9			
AASB 2014-8 Amendments to Australian Accounting Standards arising from AASB 9		Chapter 6 Hedge Accounting supersedes the general hedge accounting requirements in IAS 39 Financial Instruments: Recognition and Measurement, which many consider to be too rules-based and arbitrary. Chapter 6 requirements include a new approach to hedge accounting that is intended to more closely align hedge accounting with risk management activities undertaken by entities when hedging financial and non-financial risks. Some of the key changes from IAS 39 are as follows: •to allow hedge accounting of risk components of non-financial items that are identifiable and measurable (many of which were prohibited from being designated as hedged items under IAS 39); •changes in the accounting for the time value of options, the forward element of a forward contract and foreign-currency basis spreads designated as hedging instruments; and	

Jaxsta Holdings Pty Ltd

ACN : 612 656 372

Notes to the Consolidated Financial Statements For the Period Ended 30 June 2017

2 Summary of Significant Accounting Policies

(m) New Accounting Standards and Interpretations

Standard Name	Effective date for Group	Requirements	Impact
AASB 9 Financial Instruments (continued.)		<ul style="list-style-type: none">•modification of the requirements for effectiveness testing (including removal of the 'bright-line' effectiveness test that offset for hedging must be in the range 80-125%).Revised disclosures about an entity's hedge accounting have also been added to IFRS 7 Financial Instruments: Disclosures.Impairment of assets is now based on expected losses in IFRS 9 which requires entities to measure:<ul style="list-style-type: none">•the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or•full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument.	

3 Critical Accounting Estimates and Judgments

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

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

The significant estimates and judgements made have been described below.

Key estimates - impairment of property, plant and equipment

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

Key estimates - fair value of financial instruments

The Group has certain financial assets and liabilities which are measured at fair value. Where fair value has not able to be determined based on quoted price, a valuation model has been used. The inputs to these models are observable, where possible, however these techniques involve significant estimates and therefore fair value of the instruments could be affected by changes in these assumptions and inputs.

Notes to the Consolidated Financial Statements

For the Period Ended 30 June 2017

3 Critical Accounting Estimates and Judgments

Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

4 Revenue and Other Income

	2017	2016
	\$	\$
Other Income		
- other income	427,464	602
- interest income	125	36
	<u>427,589</u>	<u>638</u>

5 Cash and Cash Equivalents

	2017	2016
	\$	\$
Cash at bank and in hand	8,998	144,048
	<u>8,998</u>	<u>144,048</u>

Reconciliation of cash

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

	2017	2016
	\$	\$
Cash and cash equivalents	8,998	144,048
Balance as per consolidated statement of cash flows	<u>8,998</u>	<u>144,048</u>

6 Trade and Other Receivables

	2017	2016
	\$	\$
CURRENT		
Trade receivables	-	500
GST receivable	21,794	14,642
Total current trade and other receivables	<u>21,794</u>	<u>15,142</u>

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

Jaxsta Holdings Pty Ltd

ACN : 612 656 372

Notes to the Consolidated Financial Statements

For the Period Ended 30 June 2017

7 Property, plant and equipment

PLANT AND EQUIPMENT

	2017	2016
	\$	\$
Office equipment		
At cost	36,370	30,546
Accumulated depreciation	(6,109)	-
Total office equipment	30,261	30,546
Computer equipment		
At cost	103,372	93,044
Accumulated depreciation	(31,015)	-
Total computer equipment	72,357	93,044
Computer software		
At cost	147,508	116,705
Accumulated depreciation	(62,130)	(37,970)
Total computer software	85,378	78,735
Leasehold Improvements		
At cost	313,105	29,429
Total leasehold improvements	313,105	29,429
Total property, plant and equipment	501,101	231,754

8 Intangible Assets

	2017	2016
	\$	\$
Goodwill		
At cost	4,025,914	4,025,914
Net carrying value	4,025,914	4,025,914
Patent and trade mark		
At Cost	128,285	33,522
Net carrying value	128,285	33,522
Company formation cost		
Cost	133,239	59,757
Accumulated amortisation	(38,599)	(11,951)
Net carrying value	94,640	47,806
Total Intangibles	4,248,839	4,107,242

Jaxsta Holdings Pty Ltd

ACN : 612 656 372

Notes to the Consolidated Financial Statements

For the Period Ended 30 June 2017

9 Other Assets

	2017	2016
	\$	\$
CURRENT		
Prepayments	5,618	2,533
Other asset	26,400	8,333
	<u>32,018</u>	<u>10,866</u>

10 Trade and Other Payables

	2017	2016
	\$	\$
Current		
Trade payables	232,240	12,789
Other payables	332,227	75,249
	<u>564,467</u>	<u>88,038</u>

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

11 Issued Capital

	2017	2016
	\$	\$
27,000,000 (2016: 19,000,000) Ordinary shares	5,499,602	3,500,002
Total	<u>5,499,602</u>	<u>3,500,002</u>

(a) Ordinary shares

	2017	2016
	No.	No.
At the beginning of the reporting period	19,000,000	-
Shares issued during the year		
Issued during the period	8,000,000	19,000,000
At the end of the reporting period	<u>27,000,000</u>	<u>19,000,000</u>

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

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

Jaxsta Holdings Pty Ltd

ACN : 612 656 372

Notes to the Consolidated Financial Statements

For the Period Ended 30 June 2017

12 Interests in Subsidiaries

(a) Composition of the Group

	Principal place of business / Country of Incorporation	Percentage Owned (%) [*] 2017	Percentage Owned (%) [*] 2016
Subsidiary:			
Jaxsta Enterprise Pty Ltd	Australia	-	100

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

13 Capital and Leasing Commitments

(a) Operating Leases

	2017 \$	2016 \$
Minimum lease payments under non-cancellable operating leases:		
- not later than one year	110,000	102,000
- between one year and five years	-	110,000
	<u>110,000</u>	<u>212,000</u>

14 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2017.

15 Events after the end of the Reporting Period

Company issued 120,000 shares amounting to \$100,00 on 18 September 2017.

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

Jaxsta Holdings Pty Ltd

ACN : 612 656 372

Notes to the Consolidated Financial Statements
For the Period Ended 30 June 2017

16 Cash Flow Information

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

Reconciliation of net income to net cash provided by operating activities:

	2017	2016
	\$	\$
Loss for the period	(2,667,094)	(148,979)
Cash flows excluded from loss attributable to operating activities		
Non-cash flows in loss:		
- amortisation	87,932	49,921
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(6,652)	(15,142)
- (increase)/decrease in other assets	(21,152)	(10,866)
- (increase)/decrease in property plant and equipment	-	(297,189)
- increase/(decrease) in income in advance	69,909	-
- increase/(decrease) in trade and other payables	476,447	88,038
Cashflows from operations	<u>(2,060,610)</u>	<u>(334,217)</u>

17 Registered office

The registered office of the company is:
Level 21 1 York Street
SYDNEY NSW 2000

The principal place of business is:
Suite 2 Level 1
113-115 Oxford Street
DARLINGHURST NSW 2010

Jaxsta Holdings Pty Ltd

ACN : 612 656 372

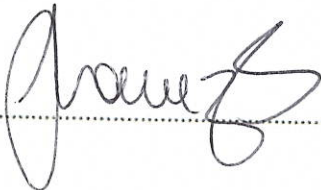
Directors' Declaration

The directors have determined that the Company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 2 to the financial statements.

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 3 to 21, are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Accounting Standards as stated in Note 1; and
 - (b) give a true and fair view of the Company's financial position as at 30 June 2017 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 2 to the financial statements.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Director 

Jacqueline Samantha Louez Schoorl

Dated this7..... day ofDecember..... 2017

**Independent Audit Report to the members of
Jaxsta Holdings Pty Ltd**
ACN : 612 656 372

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report, being a special purpose financial report of Jaxsta Holdings Pty Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (i) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards to the extent described in Note 1 and the *Corporations Regulations 2001*.

Basis for Opinion

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

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

**Independent Audit Report to the members of
Jaxsta Holdings Pty Ltd
ACN : 612 656 372**

Auditor's Responsibilities for the Audit of the Financial Report

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

PA Audit Pty Ltd

PA AUDIT PTY LTD



**KATHAL SPENCE
DIRECTOR**

Fremantle, WA 6160

7 December 2017

Jaxsta Holdings Pty Ltd

ACN : 612 656 372

Financial Statements

For the Period Ended 30 June 2016

Jaxsta Holdings Pty Ltd

ACN : 612 656 372

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For the Period Ended 30 June 2016

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Jaxsta Holdings Pty Ltd

ACN : 612 656 372

Directors' Report
For the Period Ended 30 June 2016

The directors present their report on Jaxsta Holdings Pty Ltd (the "Company"), together with the financial statements of ("the Group"), being the Company and its controlled entity, for the financial period ended 30 June 2016.

1. General information

Information on directors

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

Jacqueline Samantha Louez Schoorl appointed 27 May 2016

Louis Schoorl appointed 27 May 2016

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

Principal activities

The principal activities of the Group during the financial period were to operate music database platforms.
No significant change in the nature of these activities occurred during the period.

2. Operating results and review of operations for the year

Operating results

The consolidated loss of the Group amounted to \$ (148,979).

3. Other items

Significant changes in state of affairs

There have been no significant changes in the state of affairs of entities in the Group during the period.

Events after the reporting date

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Future developments and results

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

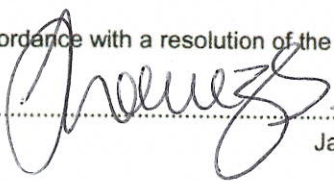
Indemnification and insurance of officers and auditors

No indemnities have been given or insurance premiums paid, during or since the end of the financial period, for any person who is or has been an officer or auditor of Jaxsta Holdings Pty Ltd.

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the period ended 30 June 2016 has been received and can be found on page 2 of the financial report.

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

Director: 
Jacqueline Samantha Louez Schoorl

Dated this7th..... day ofDecember..... 2017

Jaxsta Holdings Pty Ltd

ACN : 612 656 372

**Auditor's Independence Declaration under Section 307C of the
Corporations Act 2001 to the Directors of
Jaxsta Holdings Pty Ltd and Controlled Entities**

I declare that, to the best of my knowledge and belief, during the period ended 30 June 2016, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



PA AUDIT PTY LTD



**KATHAL SPENCE
DIRECTOR**

Fremantle, WA 6160
7 December 2017

Jaxsta Holdings Pty Ltd

ACN : 612 656 372

**Consolidated Statement of Profit or Loss and Other Comprehensive
Income**

For the Period Ended 30 June 2016

	2016
	\$
Other income	638
Employee costs	(75,875)
Other expenses	(23,820)
Depreciation and Amortisation	(49,921)
Loss before income tax	(148,978)
Income tax expense	-
Loss from continuing operations	(148,978)
Other comprehensive income, net of income tax	
Other comprehensive income	-
Total comprehensive income for the period	(148,978)

The accompanying notes form part of these financial statements.

Jaxsta Holdings Pty Ltd

ACN : 612 656 372

Consolidated Statement of Financial Position

As At 30 June 2016

	Note	2016 \$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	5	144,048
Trade and other receivables	6	15,142
Other assets	9	10,866
TOTAL CURRENT ASSETS		<u>170,056</u>
NON-CURRENT ASSETS		
Property, plant and equipment	7	231,754
Intangible assets	8	4,107,242
TOTAL NON-CURRENT ASSETS		<u>4,338,996</u>
TOTAL ASSETS		<u><u>4,509,052</u></u>
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	10	88,038
TOTAL CURRENT LIABILITIES		<u>88,038</u>
Borrowings		1,069,990
TOTAL NON-CURRENT LIABILITIES		<u>1,069,990</u>
TOTAL LIABILITIES		<u>1,158,028</u>
NET ASSETS		<u><u>3,351,024</u></u>
EQUITY		
Issued capital	11	3,500,002
Retained Earning		(148,978)
TOTAL EQUITY		<u><u>3,351,024</u></u>

The accompanying notes form part of these financial statements.

Jaxsta Holdings Pty Ltd

ACN : 612 656 372

Consolidated Statement of Changes in Equity

For the Period Ended 30 June 2016

2016

	Ordinary Shares	Retained Earnings	Total
Note	\$	\$	\$
Balance at 27 May 2016	-	-	-
Shares issued during the year	11 3,500,002	-	3,500,002
Loss attributable to members of the parent entity	-	(148,978)	(148,978)
Balance at 30 June 2016	3,500,002	(148,978)	3,351,024

The accompanying notes form part of these financial statements.

Jaxsta Holdings Pty Ltd

ACN : 612 656 372

Consolidated Statement of Cash Flows
For the Period Ended 30 June 2016

	Note	2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers		638
Payments to suppliers and employees		<u>(334,863)</u>
Net cash provided by/(used in) operating activities	16	<u>(334,225)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment		<u>(21,737)</u>
Net cash provided by/(used in) investing activities		<u>(21,737)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issue of shares		<u>500,010</u>
Net cash provided by/(used in) financing activities		<u>500,010</u>
Net increase/(decrease) in cash and cash equivalents held		<u>144,048</u>
Cash and cash equivalents at end of the period	5	<u><u>144,048</u></u>

The accompanying notes form part of these financial statements.

Jaxsta Holdings Pty Ltd

ACN : 612 656 372

Notes to the Consolidated Financial Statements For the Period Ended 30 June 2016

The financial report covers Jaxsta Holdings Pty Ltd and its controlled entities ('the Group'). Jaxsta Holdings Pty Ltd is a for-profit proprietary Company, incorporated and domiciled in Australia.

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

The financial report was authorised for issue on 07 December 2017 by the Board of Directors.

1 Basis of Preparation

In the Directors opinion, the Company is not a reporting entity since there are unlikely to exist users of the financial statements who are not able to command the preparation of reports tailored so as to satisfy specifically all of their information needs. This special purpose financial report has been prepared to meet the reporting requirements of the *Corporations Act 2001*.

The financial statements have been prepared in accordance with the recognition and measurement requirements of the Australian Accounting Standards and Accounting Interpretations, and the disclosure requirements of AASB 101 *Presentation of Financial Statements*, AASB 107 *Statement of Cash Flows*, AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* and AASB 1054 *Australian Additional Disclosures*.

2 Summary of Significant Accounting Policies

(a) Basis for consolidation

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

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

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

Details of controlled entity is contained in Note 12 to the financial statements.

Subsidiary

Subsidiary is an entity (including structured entities) over which the parent has control. Control is established when the parent is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

(b) Income Tax

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

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

Notes to the Consolidated Financial Statements
For the Period Ended 30 June 2016

2 Summary of Significant Accounting Policies

(b) Income Tax

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

Deferred tax is not provided for the following:

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).
- Taxable temporary differences arising on the initial recognition of goodwill.
- Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

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

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

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

(c) Leases

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

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

(d) Revenue and other income

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

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

Other income

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

Notes to the Consolidated Financial Statements
For the Period Ended 30 June 2016

2 Summary of Significant Accounting Policies

(e) Borrowing costs

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

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

(f) Goods and services tax (GST)

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

Receivables and payable are stated inclusive of GST.

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

(g) Property, plant and equipment

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

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

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

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

(h) Financial instruments

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

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

Financial Assets

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables;

Notes to the Consolidated Financial Statements

For the Period Ended 30 June 2016

2 Summary of Significant Accounting Policies

(h) Financial instruments

- financial assets at fair value through profit or loss;
- available-for-sale financial assets; and
- held-to-maturity investments.

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

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

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

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

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

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets:

- acquired principally for the purpose of selling in the near future
- designated by the entity to be carried at fair value through profit or loss upon initial recognition or
- which are derivatives not qualifying for hedge accounting.

The Group has some derivatives which are designated as financial assets at fair value through profit or loss.

Assets included within this category are carried in the consolidated statement of financial position at fair value with changes in fair value recognised in finance income or expenses in profit or loss.

Any gain or loss arising from derivative financial instruments is based on changes in fair value, which is determined by direct reference to active market transactions or using a valuation technique where no active market exists.

Notes to the Consolidated Financial Statements

For the Period Ended 30 June 2016

2 Summary of Significant Accounting Policies

(h) Financial instruments

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity. Investments are classified as held-to-maturity if it is the intention of the Group's management to hold them until maturity.

Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method, with revenue recognised on an effective yield basis. In addition, if there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated cash flows. Any changes to the carrying amount of the investment are recognised in profit or loss.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets or which have been designated in this category. The Group's available-for-sale financial assets comprise listed securities.

All available-for-sale financial assets are measured at fair value, with subsequent changes in value recognised in other comprehensive income.

Gains and losses arising from financial instruments classified as available-for-sale are only recognised in profit or loss when they are sold or when the investment is impaired.

In the case of impairment or sale, any gain or loss previously recognised in equity is transferred to the profit or loss.

Losses recognised in the prior period consolidated consolidated statement of profit or loss and other comprehensive income resulting from the impairment of debt securities are reversed through the consolidated statement of profit or loss and other comprehensive income, if the subsequent increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired. Although the Group uses derivative financial instruments in economic hedges of currency and interest rate risk, it does not hedge account for these transactions.

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

Impairment of financial assets

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

Financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been

Notes to the Consolidated Financial Statements

For the Period Ended 30 June 2016

2 Summary of Significant Accounting Policies

(h) Financial instruments

incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

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

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

Available-for-sale financial assets

A significant or prolonged decline in value of an available-for-sale asset below its cost is objective evidence of impairment, in this case, the cumulative loss that has been recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Any subsequent increase in the value of the asset is taken directly to other comprehensive income.

(i) Intangibles

Goodwill

Goodwill is calculated as the excess of the sum of:

- i) the consideration transferred;
- ii) any non-controlling interest; and
- iii) the acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of net identifiable assets acquired in a business combination.

The value of goodwill recognised on acquisition of each subsidiary in which the Group holds less than a 100% interest will depend on the method adopted in measuring the aforementioned non-controlling interest. The Group can elect to measure the non-controlling interest in the acquiree either at fair value ('full goodwill method') or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets ('proportionate interest method'). The Group determines which method to adopt for each acquisition.

Under the 'full goodwill method', the fair values of the non-controlling interests are determined using valuation techniques which make the maximum use of market information where available.

Goodwill is not amortised but is tested for impairment annually and is allocated to the Group's cash generating units or groups of cash generating units, which represent the lowest level at which goodwill is monitored but where such level is not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold.

Changes in the ownership interests in a subsidiary are accounted for as equity transactions and do not affect the carrying values of goodwill.

Notes to the Consolidated Financial Statements

For the Period Ended 30 June 2016

2 Summary of Significant Accounting Policies

(j) Impairment of non-financial assets

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

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

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

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

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

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

(k) Cash and cash equivalents

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

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

(l) Share capital

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

(m) New Accounting Standards and Interpretations

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

Standard Name	Effective date for Group	Requirements	Impact
AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112]	Annual reporting periods beginning on or after 1 January 2017	This standard amends AASB 112 Income Taxes to clarify the requirements on recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value.	This Interpretation is not expected to significantly impact the Company's financial statements.

Jaxsta Holdings Pty Ltd

ACN : 612 656 372

Notes to the Consolidated Financial Statements For the Period Ended 30 June 2016

2 Summary of Significant Accounting Policies

(m) New Accounting Standards and Interpretations

Standard Name	Effective date for Group	Requirements	Impact
AASB 15 Revenue from contracts with customers	Annual reporting periods beginning on or after 1 January 2018	AASB 15 introduces a five step process for revenue recognition with the core principle of the new Standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services.	This Interpretation is not expected to significantly impact the Company's financial statements.
AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15			
AASB 2015-8 Amendments to Australian Accounting Standards – Effective date of AASB 15 AASB 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15		Accounting policy changes will arise in timing of revenue recognition, treatment of contracts costs and contracts which contain a financing element.	
		AASB 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.	
AASB 16 Leases	Annual reporting period beginning on or after 1 January 2019	AASB 16 will cause the majority of leases of an entity to be brought onto the statement of financial position. There are limited exceptions relating to short-term leases and low value assets which may remain off-balance sheet.	This Interpretation is not expected to significantly impact the Company's financial statements.
		The calculation of the lease liability will take into account appropriate discount rates, assumptions about lease term and increases in lease payments.	
		A corresponding right to use asset will be recognised which will be amortised over the term of the lease.	
		Rent expense will no longer be shown, the profit and loss impact of the leases will be through amortisation and interest charges.	

Jaxsta Holdings Pty Ltd

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Notes to the Consolidated Financial Statements

For the Period Ended 30 June 2016

2 Summary of Significant Accounting Policies

(m) New Accounting Standards and Interpretations

Standard Name	Effective date for Group	Requirements	Impact
AASB 9 Financial Instruments	Annual reporting periods beginning on or after 1 January 2018	Significant revisions to the classification and measurement of financial assets, reducing the number of categories and simplifying the measurement choices, including the removal of impairment testing of assets measured at fair value. The amortised cost model is available for debt assets meeting both business model and cash flow characteristics tests. All investments in equity instruments using IFRS 9 are to be measured at fair value.	This Interpretation is not expected to significantly impact the Company's financial statements.
AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2009) AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transitional Disclosures			
AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments			
AASB 2014-1 Amendments to Australian Accounting Standards			
AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9			
AASB 2014-8 Amendments to Australian Accounting Standards arising from AASB 9			
		Amends measurement rules for financial liabilities that the entity elects to measure at fair value through profit and loss. Changes in fair value attributable to changes in the entity's own credit risk are presented in other comprehensive income.	
		Chapter 6 Hedge Accounting supersedes the general hedge accounting requirements in IAS 39 Financial Instruments: Recognition and Measurement, which many consider to be too rules-based and arbitrary. Chapter 6 requirements include a new approach to hedge accounting that is intended to more closely align hedge accounting with risk management activities undertaken by entities when hedging financial and non-financial risks. Some of the key changes from IAS 39 are as follows:	
		•to allow hedge accounting of risk components of non-financial items that are identifiable and measurable (many of which were prohibited from being designated as hedged items under IAS 39);	
		•changes in the accounting for the time value of options, the forward element of a forward contract and foreign-currency basis spreads designated as hedging instruments; and	

Jaxsta Holdings Pty Ltd

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Notes to the Consolidated Financial Statements
For the Period Ended 30 June 2016

2 Summary of Significant Accounting Policies

(m) New Accounting Standards and Interpretations

Standard Name	Effective date for Group	Requirements	Impact
AASB 9 Financial Instruments (continued.)		<ul style="list-style-type: none">•modification of the requirements for effectiveness testing (including removal of the 'bright-line' effectiveness test that offset for hedging must be in the range 80-125%).Revised disclosures about an entity's hedge accounting have also been added to IFRS 7 Financial Instruments: Disclosures.Impairment of assets is now based on expected losses in IFRS 9 which requires entities to measure:<ul style="list-style-type: none">•the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or•full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).	

3 Critical Accounting Estimates and Judgments

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

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

The significant estimates and judgements made have been described below.

Key estimates - impairment of property, plant and equipment

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

Key estimates - fair value of financial instruments

The Group has certain financial assets and liabilities which are measured at fair value. Where fair value has not able to be determined based on quoted price, a valuation model has been used. The inputs to these models are observable, where possible, however these techniques involve significant estimates and therefore fair value of the instruments could be affected by changes in these assumptions and inputs.

Jaxsta Holdings Pty Ltd

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Notes to the Consolidated Financial Statements
For the Period Ended 30 June 2016

3 Critical Accounting Estimates and Judgments

Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

4 Revenue and Other Income

	2016
	\$
Other Income	
- other income	602
- interest income	36
	<u>638</u>

5 Cash and Cash Equivalents

	2016
	\$
Cash at bank and in hand	144,048
	<u>144,048</u>

Reconciliation of cash

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

	2016
	\$
Cash and cash equivalents	144,048
Balance as per consolidated statement of cash flows	<u>144,048</u>

6 Trade and Other Receivables

	2016
	\$
CURRENT	
Trade receivables	500
GST receivable	14,642
Total current trade and other receivables	<u>15,142</u>

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

Jaxsta Holdings Pty Ltd

ACN : 612 656 372

Notes to the Consolidated Financial Statements
For the Period Ended 30 June 2016

7 Property, plant and equipment

PLANT AND EQUIPMENT

	2016
	\$
Office equipment	
At cost	30,546
Computer equipment	
At cost	93,044
Total computer equipment	93,044
Computer software	
At cost	116,705
Accumulated depreciation	(37,970)
Total computer software	78,735
Leasehold Improvements	
At cost	29,429
Total leasehold improvements	29,429
Total property, plant and equipment	231,754

8 Intangible Assets

	2016
	\$
Goodwill	
At cost	4,025,914
Net carrying value	4,025,914
Patent and trade mark	
At Cost	33,522
Net carrying value	33,522
Company formation cost	
Cost	59,757
Accumulated amortisation	(11,951)
Net carrying value	47,806
Total Intangibles	4,107,242

Jaxsta Holdings Pty Ltd

ACN : 612 656 372

Notes to the Consolidated Financial Statements
For the Period Ended 30 June 2016**9 Other Assets**

	2016
	\$
CURRENT	
Prepayments	2,533
Other asset	8,333
	<u>10,866</u>

10 Trade and Other Payables

	2016
	\$
Current	
Trade payables	12,789
Other payables	75,249
	<u>88,038</u>

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

11 Issued Capital

	2016
	\$
19,000,000 Ordinary shares	3,500,002
Total	<u>3,500,002</u>

(a) Ordinary shares

	2016
	No.
At the beginning of the reporting period	-
Shares issued during the year	
Issued during the period	27,000,000
At the end of the reporting period	<u>27,000,000</u>

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

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

Jaxsta Holdings Pty Ltd

ACN : 612 656 372

Notes to the Consolidated Financial Statements

For the Period Ended 30 June 2016

12 Interests in Subsidiaries

(a) Composition of the Group

	Principal place of business / Country of Incorporation	Percentage Owned (%)* 2016
Subsidiary:		
Jaxsta Enterprise Pty Ltd	Australia	100

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

13 Capital and Leasing Commitments

(a) Operating Leases

	2016
	\$
Minimum lease payments under non-cancellable operating leases:	
- not later than one year	102,000
- between one year and five years	110,000
	<u>212,000</u>

14 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2016.

15 Events after the end of the Reporting Period

Company issued 8,120,000 ordinary shares amounting to \$2,099,600 subsequent to 30 June 2016.

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

Jaxsta Holdings Pty Ltd

ACN : 612 656 372

Notes to the Consolidated Financial Statements
For the Period Ended 30 June 2016

16 Cash Flow Information

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

Reconciliation of net income to net cash provided by operating activities:

	2016
	\$
Loss for the period	(148,978)
Cash flows excluded from profit attributable to operating activities	
Non-cash flows in loss:	
- depreciation and amortisation	49,921
Changes in assets and liabilities:	
- (increase)/decrease in trade and other receivables	(15,142)
- (increase)/decrease in other assets	(10,866)
- (increase)/decrease in property plant & equipment	(297,190)
- increase/(decrease) in trade and other payables	88,038
Cashflows from operations	<u>(334,217)</u>

17 Registered office

The registered office of the company is:

Level 21 1 York Street
SYDNEY NSW 2000

The principal place of business is:

Suite 2 Level 1
113-115 Oxford Street
DARLINGHURST NSW 2010

Jaxsta Holdings Pty Ltd

ACN : 612 656 372

Directors' Declaration

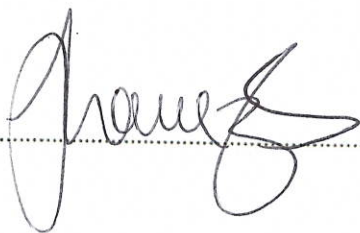
The directors have determined that the Company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 2 to the financial statements.

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 3 to 21, are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Accounting Standards as stated in Note 1; and
 - (b) give a true and fair view of the Company's financial position as at 30 June 2016 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 2 to the financial statements.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Director



Dated this7..... day ofDecember..... 2017

**Independent Audit Report to the members of
Jaxsta Holdings Pty Ltd**
ACN : 612 656 372

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report, being a special purpose financial report of Jaxsta Holdings Pty Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (i) giving a true and fair view of the Group's financial position as at 30 June 2016 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards to the extent described in Note 1 and the *Corporations Regulations 2001*.

Basis for Opinion

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

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

**Independent Audit Report to the members of
Jaxsta Holdings Pty Ltd
ACN : 612 656 372**

Auditor's Responsibilities for the Audit of the Financial Report

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

PA Audit Pty Ltd

PA AUDIT PTY LTD



**KATHAL SPENCE
DIRECTOR**

Fremantle, WA 6160

7 December 2017