16 July 2018

ASX LIMITED **ASX CODE: MBO**

DISPATCH OF NOTICE OF GENERAL MEETING

Mobilarm Limited advises that the attached Notice of General Meeting was today dispatched to shareholders in the Company.

David McArthur

Company Secretary

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MOBILARM LIMITED

(TO BE RENAMED 'JAXSTA LTD')
ACN 106 513 580

NOTICE OF GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 3:30pm (AEST)

DATE: Friday, 17 August 2018

PLACE: KWM
Level 61, Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000

The Directors believe the proposed change of activities is in the best interests of Shareholders and recommend that Shareholders vote in favour of all Resolutions set out in this Notice of Meeting.

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

The Independent Expert has concluded that the transaction the subject of Resolution 4 of the General Meeting is fair and reasonable to non-associated Shareholders. All Shareholders should refer to the Independent Expert's Report enclosed with this Notice of Meeting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +618 9315 3511.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – DISPOSAL OF MARINE RESCUE TECHNOLOGIES LTD

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

> *"That, for the purposes of ASX Listing Rule 11.2 and for all other purposes, approval is given for the sale by the Company of its subsidiary, Marine Rescue Technologies Ltd, on the terms and conditions set out in the Explanatory Statement."*

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities or any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

2. RESOLUTION 2 – CHANGE TO NATURE AND SCALE OF ACTIVITIES – ACQUISITION OF JAXSTA HOLDINGS PTY LTD

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

> *"That, subject to and conditional upon the passing of all Essential Resolutions, for the purpose of ASX Listing Rule 11.1.2 and for all other purposes, approval is given for the Company to make a significant change to the nature and scale of its activities resulting from completion of the Acquisition of Jaxsta Holdings Pty Ltd, as described in the Explanatory Statement."*

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities or any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

3. RESOLUTION 3 – CONSOLIDATION OF CAPITAL

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

> *"That, subject to and conditional upon the passing of all Essential Resolutions, pursuant to section 254H(1) of the Corporations Act, ASX Listing Rule 7.20 and for all other purposes, the issued capital of the Company be consolidated on the basis that every 10 Shares be consolidated into 1 Share, (**Consolidation**) and, where this Consolidation results in a fraction of a Share being held, the Company be authorised to round that fraction up to the nearest whole Share (as the case may be)."*

4. RESOLUTION 4 – ISSUE OF SHARES ON CONVERSION OF CONVERTIBLE NOTE

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

> *"That, subject to and conditional upon the passing of all Essential Resolutions, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue* 15,635,018 *Shares pursuant to the Convertible Note Facility on the terms and conditions set out in the Explanatory Statement."*

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

5. RESOLUTION 5 – APPROVAL FOR THE ACQUISITION OF A RELEVANT INTEREST IN THE COMPANY BY JAXSTA

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

> *"That, subject to the passing of the Essential Resolutions, for the purposes of section 611 (item 7) of the Corporations Act and for all other purposes, approval is given for the Company to issue (on a post-Consolidation basis):*
>
> *(a) up to 115,420,126 Consideration Shares to the Jaxsta Shareholders (or their nominees);*
>
> *(b) 408,000 Jaxsta Warrant Shares to the Jaxsta Warrant Holder;*
>
> *(c) 2,000,000 Shareholder Loan Repayment Shares to the Founder Vendors;*
>
> *(d) 20,000,000 CEO Options to Jacqueline Louez Schoorl, and*
>
> *(e) 20,000,000 Shares on exercise of the CEO Options referred to in sub-paragraph (d),*
>
> *on the terms and conditions set out in the Explanatory Statement for the Jaxsta Shareholders and their associates to thereby acquire voting power in the Company as set out in the Explanatory Statement and for the Company to acquire an interest in its Shares pursuant to entry into the Acquisition Agreement."*

Expert's Report: Shareholders should carefully consider the Independent Expert's Report included with this Notice of Meeting, prepared by the Independent Expert for the purposes of the Shareholder approval required under Section 611 Item 7 of the Corporations Act. The Independent Expert's Report comments on the fairness and reasonableness of the transactions the subject of this Resolution to the non-associated Shareholders in the Company. **The Independent Expert has determined the issue of the Securities to the recipients and the resulting voting power of the recipients and their associates is fair and reasonable to the non-associated Shareholders**.

Voting Exclusion: No votes may be cast in favour of this Resolution by:

(a) the person proposing to make the acquisition or any of their associates; or

(b) the persons (if any) from whom the acquisition is to be made or any of their associates.

Accordingly, the Company will disregard any votes cast on this Resolution by the Jaxsta Shareholders and any of its associates.

6. RESOLUTION 6 – CAPITAL RAISING

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

> *"That, subject to and conditional upon the passing of all Essential Resolutions, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 35,000,000 Capital Raising Shares (on a post-Consolidation basis) on the terms and conditions set out in the Explanatory Statement."*

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities or any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

7. RESOLUTION 7 – ELECTION OF DIRECTOR – MS JACQUELINE LOUEZ SCHOORL

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

> *"That, subject to and conditional upon the passing of all Essential Resolutions, for the purpose of clause 11.7 of the Constitution and for all other purposes, Ms Jacqueline Louez Schoorl, being eligible and subject to consenting to act, be elected as a Director of the Company on and from completion of the Acquisition."*

8. RESOLUTION 8 – ELECTION OF DIRECTOR – MS LAUNA INMAN

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

> *"That, subject to and conditional upon the passing of all Essential Resolutions, for the purpose of clause 11.7 of the Constitution and for all other purposes, Ms Launa Inman, being eligible and subject to consenting to act, be elected as a Director of the Company on and from completion of the Acquisition."*

9. RESOLUTION 9 – ELECTION OF DIRECTOR – MS LINDA JENKINSON

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

> *"That, subject to and conditional upon the passing of all Essential Resolutions, for the purpose of clause 11.7 of the Constitution and for all other purposes, Ms Linda Jenkinson, being eligible and subject to consenting to act, be elected as a Director of the Company on and from completion of the Acquisition."*

10. RESOLUTION 10 – ELECTION OF DIRECTOR – MR BRETT COTTLE

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

> *"That, subject to and conditional upon the passing of all Essential Resolutions, for the purpose of clause 11.7 of the Constitution and for all other purposes, Mr Brett Cottle, being eligible and subject to consenting to act, be elected as a Director of the Company on and from completion of the Acquisition."*

11. RESOLUTION 11 – ADOPTION OF EMPLOYEE OPTION PLAN

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

> *"That,* subject to and conditional upon the passing of all Essential Resolutions, *for the purposes of ASX Listing Rule 7.2 (Exception 9(b)) and for all other purposes, approval is given for the Company to adopt an employee incentive scheme titled "Employee Option Plan" and for the issue of Options under that Employee Option Plan, on the terms and conditions set out in the Explanatory Statement."*

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by any Director except one who is ineligible to participate in any employee incentive scheme in relation to the Company, or any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:
A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

(a) the proxy is either:
  (i) a member of the Key Management Personnel; or
  (ii) a Closely Related Party of such a member; and

(b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

(a) the proxy is the Chair; and

(b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

12. RESOLUTION 12 – CHANGE OF COMPANY NAME

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

> *"That, subject to and conditional upon the passing of all Essential Resolutions, for the purposes of section 157(1)(a) of the Corporations Act and for all other purposes, approval is given for the name of the Company to be changed to **"Jaxsta Ltd**" with effect from the date that ASIC alters the Company's registration on or about Settlement."*

13. RESOLUTION 13 – REPLACEMENT OF CONSTITUTION

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

> *"That, subject to and conditional upon the passing of all Essential Resolutions, for the purposes of section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to repeal its existing Constitution and adopt a new constitution in its place in the form as signed by the chairman of the Meeting for identification purposes."*

14. RESOLUTION 14 – NON-EXECUTIVE DIRECTOR'S REMUNERATION

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

> *"That, subject to and conditional upon the passing of all Essential Resolutions, for the purposes of clause 11.15 of the Constitution, ASX Listing Rule 10.17 and for all other purposes, Shareholders approve an increase of the maximum total aggregate amount of fees payable to non-executive Directors from $200,000 per annum to $500,000 per annum in accordance with the terms and conditions set out in the Explanatory Statement."*

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a Director or any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement
A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

(a) the proxy is either:
   (i) a member of the Key Management Personnel; or
   (ii) a Closely Related Party of such a member; and

(b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

(a) the proxy is the Chair; and

(b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Dated: 16 July 2018

By order of the Board

David McArthur
Company Secretary

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9315 3511.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

Resolutions 2 to 14 (inclusive) are in respect of the Acquisition. Resolutions 2 to 14 (inclusive) are referred to as Essential Resolutions throughout this Notice. Resolutions 2 to 14 (inclusive) are inter-conditional meaning that in order for any of those Resolutions to pass, all of those Resolutions must be passed.

If any of Essential Resolutions are not passed, then all of Resolutions 2 to 14 will be taken to have been rejected by Shareholders.

Unless otherwise stated, the numbers referred to in this Notice are all on a post-Consolidation basis.

Resolution 1 is in respect to the disposal of the Company's existing business, Marine Rescue Technologies Ltd. In the event that Resolution 1 is not approved by Shareholders, the Directors have full discretion as to whether the Company will proceed with the Acquisition.

1. RESOLUTION 1 – DISPOSAL OF MARINE RESCUE TECHNOLOGIES LTD

1.1 Background

On 1 February 2018 the Company announced to ASX that it had entered into a binding heads of agreement (**Disposal Agreement**) for the disposal of its subsidiary Marine Rescue Technologies Ltd (**Subsidiary**) which operates the design and manufacture of man overboard technology in Europe, being its main undertaking, to Secure2Go Group Ltd or its subsidiaries or nominees (**Secure2Go** or the **Buyer**) (**Disposal**).

The material terms of the Disposal Agreement are as follows:

(a) **Disposal**: Secure2Go (or one of its wholly owned subsidiaries or nominees) is to acquire all of the issued capital and other securities (if any) issued in MRT which is owned 100% by the Company.

(b) **Share Purchase Agreement**: the parties have agreed to use best endeavours to negotiate a share purchase agreement (**SPA**) and other definitive documents in a manner consistent in all material respects with the Disposal Agreement.

(c) **Consideration**: the consideration payable to the Company will be a $6,000,000 payment comprising:

   (i) $1,000,000 (plus GST or VAT, if applicable) on the date of completion of the SPA (**Completion**) (**Completion Payment**); and

   (ii) $1,000,000 (plus GST or VAT, if applicable) on 1st anniversary of the date of Completion (or any earlier date the Buyer choses (**First Deferred Payment**); and

(iii) $4,000,000 (plus GST or VAT, if applicable) on the 2nd anniversary of Completion, or any earlier date the Buyer chooses (**Second Deferred Payment**).

Each of the First Deferred Payment and the Second Deferred Payment will be treated as a debt due and payable on 2nd anniversary of the date of Completion (if not paid before that time) and no amount may be set off, withheld or deducted from the amount when due. The Company will have security over all the assets and rights of the MRT business and the S2Go business securing each of the First Deferred Payment and the Second Deferred Payment until each of the First Deferred Payment and the Second Deferred Payment is paid in full.

(d) **Conditions to the SPA**:

Completion of the SPA will be conditional on:

(i) receipt by the Company of all relevant shareholder and regulatory approvals to carry out the Disposal and any other ancillary or related transactions or steps, including without limitation, approval of shareholders under all relevant ASX Listing Rules and the Corporations Act (**Approval Condition**);

(ii) no material adverse change occurring with respect to affairs and financial condition and prospects of the Subsidiary or Secure2Go (it being acknowledged that the Company intends to acquire Jaxsta Holdings Pty Ltd as part of an overall restructure);

(iii) the Subsidiary or the Company employees who work at the Subsidiary business entering into new employment or consultancy agreements with Secure2Go or the Subsidiary on overall terms no less favourable than their current terms;

(iv) Secure2Go having completed a capital raising of at least $2 million; and

(v) completion of the pre-completion restructure whereby the Company will offer Ahn Dang the chance to enter into a new employment agreement with Secure2Go or the Subsidiary on terms no less favourable than his current employment terms.

The parties must co-operate with and do all things reasonably necessary to procure that the conditions precedent are fulfilled as soon as reasonably practicable and in any event no later than midnight (Sydney time) on 31 August 2018 (or any later date agreed by the Company and the Buyer).

(e) **Completion**

Settlement of the Disposal will occur 5 business days after the last of the conditions precedent under the SPA has been satisfied or waived or such other date as the parties agree in writing.

(f) **Warranties**

The SPA will include customary warranties and indemnities from the Company for a transaction of this type.

1.2 ASX Listing Rule 11.2

ASX Listing Rule 11.2 provides that where a company proposes to make a significant change in the nature or scale of its activities which involves the disposal of its main undertaking, it must first obtain the approval of its shareholders.

Resolution 1 seeks Shareholder approval for the disposal of the Company's main undertaking on the terms of the Disposal Agreement.

1.3 Indicative Timetable

Subject to ASX Listing Rules and Corporations Act requirements, the Company anticipates completion of the Disposal will be in accordance with the following timetable:

Event	Date
ASX announcement of Disposal	1 February 2018
Meeting to approve Disposal	17 August 2018
Satisfaction/waiver of all conditions in Disposal Agreement	by 31 August 2018 (or later date as agreed between the Company and the Buyer)

1.4 Financial effect of the Disposal on the Company

The impact of the Disposal on the Company's balance sheet is set out in the proforma balance sheet contained in Schedule 2.

The cash consideration payable under the Disposal Agreement will initially be used to fund the short term operational costs of the Company and to pursue the completion of the Acquisition. Following completion of the Acquisition, funds raised will be applied towards:

(a) sales, marketing, research and development costs associated with the Jaxsta business;

(b) the pursuit of other investment opportunities; and

(c) general working capital.

There will be no impact on the capital structure of the Company.

1.5 No change to Board as a result of the Disposal

The Directors confirm that there will be no changes to the Company's Board nor to senior management personnel of the Company as a result of the Disposal, but there will be changes as a result of the Acquisition.

1.6 Reasons for and against the Disposal

Advantages

The Directors believe that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on the proposed Disposal:

(a) the Company will not have the operational costs or contingent liabilities associated with the Subsidiary following the settlement of the Agreement;

(b) the MRT operation will be going to a business where it will have leverage to expand on its potential; and

(c) the Company will be able to focus on the Jaxsta business where it sees a better opportunity for growth for Shareholders.

Disadvantages

The Directors believe that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on the proposed Disposal:

(a) the proposed Disposal involves the Company selling its principal operating business activities, although, it will acquire a business which the Company feels is a better opportunity for Shareholders; and

(b) the Company will be changing the scale of its activities by a significant extent, which may not be consistent with the investment objectives of Shareholders.

1.7 Future activities and direction post Disposal

Following completion of the Disposal (and assuming the Essential Resolutions are passed and that the Acquisition is completed) the Company will change its business model from a marine safety device manufacturer to a technology company and will operate the business of Jaxsta.

In the event that the Essential Resolutions are not approved or the Acquisition does not complete, the Company has reserved the right to not proceed with the Disposal. However, if the Company elects to proceed with the Disposal, the Company will seek new acquisition opportunities from the pipeline of opportunities it has evaluated over the last two years, both in Australia and overseas, which have the potential to add Shareholder value.

The Disposal is subject to the receipt of Shareholder approval. If Resolution 1 is not approved, the Disposal may not proceed as contemplated by this Resolution.

In the event Shareholder approval is not obtained and completion of the Disposal is unable to occur the Company intends to initiate processes to further reduce operational costs and pursue more favourable sale terms with another party. It is noted that any further operational cost reduction may adversely affect the ability of the Company to sell its subsidiary and potentially reduce the value of sale terms.

In the event Shareholder approval is obtained but Secure2Go does not proceed to acquire the Company's subsidiary, the Company intends to seek alternative options to divest its man overboard business.

1.8 Directors interests and recommendations

The Directors do not have any material interest in the outcome of the Resolution other than as a result of their interest arising solely in the capacity as Shareholders.

The Directors have a relevant interest in the securities of the Company as set out in the following table:

Director	Shares	Convertible Note	Performance Rights
Ken Gaunt	68,715,026	Nil	Nil
Sir Tim McClement	1,000,000	Nil	Nil
Jorge Nigaglioni	6,501,781	Nil	Nil

The Board has approved the proposal to put the Resolution to Shareholders.

Each of the Directors intends to vote all of their Shares in favour of the Resolution.

Based on the information available, all of the Directors consider that the proposed Disposal is in the best interest of the Company and recommend that Shareholders vote in favour of the Resolution.

2. BACKGROUND TO THE ACQUISITION OF JAXSTA

2.1 General Background

As announced on 1 February 2018 and 16 February 2018, the Company entered into a conditional binding heads of agreement (**HOA**), pursuant to which the Company agreed to acquire 100% of the issued capital of Jaxsta Holdings Pty Ltd (ACN 612 656 372) (not already held by the Company (**Acquisition**).

The Company also announced it had entered into a binding heads of agreement to sell its man overboard subsidiary Marine Rescue Technologies Pty Ltd (**MRT**). Further details on the disposal of MRT is set out further in this Notice at section 1.1.

The satisfaction of the conditions precedent contained in the HOA has occurred and the parties have now entered into a formal share purchase agreement (**Acquisition Agreement**) which is intended to replace the HOA.

Key terms of the Acquisition Agreement were announced on 1 and 16 February 2018 and are set out in Schedule 1 to this Notice.

The Acquisition is conditional on the Company obtaining all necessary regulatory and Shareholder approvals to effect the Acquisition and satisfying all other requirements of ASX for the reinstatement to official quotation of the Company's Shares on the ASX (among other things).

This Notice of Meeting sets out the Resolutions necessary to complete the Acquisition and associated transactions. Each of the Essential Resolutions are conditional upon the approval by Shareholders of each of the Essential Resolutions. If any of the Essential Resolutions are not approved by Shareholders, all of the Essential Resolutions will fail and Settlement will not occur.

A summary of the Essential Resolutions is as follows:

(a) as the Company is currently a marine safety solutions business, the Acquisition, if successfully completed, will represent a significant change in the nature or scale of the Company's operations to business that will operate an official music database, for which Shareholder approval is required under ASX Listing Rule 11.1.2 (**Resolution 2**);

(b) the consolidation of the Company's Shares as described in Section 4 (**Resolution 3**);

(c) the issue of Shares on conversion of the Convertible Note (**Resolution 4**);

(d) the approval to issue at Settlement up to 115,420,126 Consideration Shares to the Jaxsta Shareholders, 408,000 Jaxsta Warrant Shares to the Jaxsta Warrant holder, 2,000,000 Shareholder Loan Repayment Shares to the Founder Vendors and the 20,000,000 CEO Options to Jacqueline Louez Schoorl (on a post-Consolidation basis) (**Resolution 5**);

(e) the Company will need to re-comply with Chapters 1 and 2 of the ASX Listing Rules and, to achieve this, must successfully undertake a capital raising by issuing up to 35,000,000 Shares to raise $7,000,000 (**Capital Raising**) (**Resolution 6**);

(f) the appointment of four (4) Proposed Directors nominated by Jaxsta to the Board, being Ms Jacqueline Louez Schoorl, Ms Launa Inman (Chairperson), Ms Linda Jenkinson and Mr Brett Cottle (**Proposed Directors**) (**Resolutions 7 to 10**); and

(g) the adoption of an employee incentive scheme titled 'Employee Option Plan' and the issue of Options under that Plan (**Resolution 10**).

(h) the change of the Company's name to "Jaxsta Ltd" on or about Settlement (**Resolution 12**);

(i) replacement of the Company's Constitution (**Resolution 13**); and

(j) Non-Executive Directors' remuneration (**Resolution 14**).

2.2 Overview of Jaxsta

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. Metadata is the data describing the structure of its subordinate data. In the case of music files it contains the structure of its components such as artists, authors, composers, and many more details. Jaxsta's technology is a cloud-based metadata and business intelligence platform (**Platform**) that employs proprietary metadata processing and entity recognition technology. Jaxsta's Platform comprises online applications for desktop, smartphones and tablets, with plans to develop apps for iOS and Android enabling users to access official information on music and music catalogues.

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.

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 is the data repository for official information, collecting catalogue data from major and many independent record labels, publishers, royalty agencies and industry associations.

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 secure 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 established to be capable of becoming 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.

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 (Grammys). Jaxsta has completed the ingestion of all data held by The Recording Academy.

In addition, Jaxsta is in the process of, or will in the future be, negotiating terms with major labels and distributors which will see Jaxsta having arrangements in place covering approximately 88% of the music market. Delivery of the first long form commercial data access agreements with these labels is expected to be finalised in August 2018. Importantly, although the long form binding agreements have not been entered into, Jaxsta has already commenced receiving and testing data from these labels. Data transfer testing from one of the major labels commenced on 8 January 2018 which has now been completed. Ingestion is due to commence shortly once the long form commercial data access agreement has been executed. Data testing from other major labels has also been completed and once formal agreements have been finalised data transfer will commence.

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 and a share in an equity pool.

Jaxsta's Platform is scheduled to launch in the second 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 two months from launch which is expected to occur in August or September 2018;

(b) Jaxsta Commercial API (metadata API and data-feed sale for digital service providers) – scheduled for October/November 2018;

(c) Jaxsta advertising (campaign specific advertising on jaxsta.com) – scheduled for November 2018;

(d) Jaxsta Reports (industry specific reports created for various sectors of the industry) – scheduled for November 2018; and

(e) 3rd party affiliate sales (sales driven by click throughs from jaxsta.com to outside services) – scheduled for 10-12 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. 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.

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.

"Ingest" refers to the process of obtaining data from original sources and processing the data to be inserted into the Jaxsta database,

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.

How Jaxsta will generate revenue

Within two months of Jaxsta's Platform going 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 chart tracking service, market information (certification figures to market specific research) which as a tool 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 a detailed membership subscription model for industry professionals, creative talent and music industry students as example users.

(b) **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 August/September 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. The information is not commercially sensitive. 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 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 10 -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.

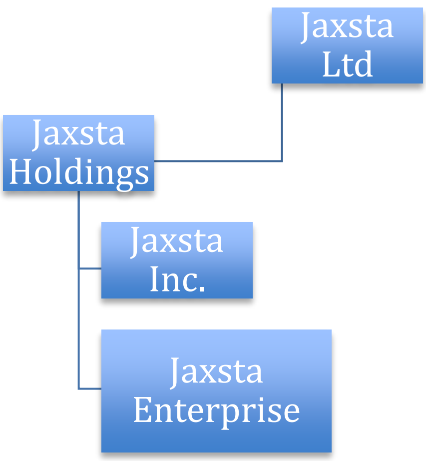
(f) **Jaxsta Advertising**: Jaxsta's growth strategy will initially focus on deploying its service and marketing its Pro and Enterprise business model. Jaxsta has generated industry demand through its B2B marketing efforts and through its beta programs in which it involved many industry participants. 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.

Financial Accounts

A copy of the audited financial statements of Jaxsta for the financial years ended 30 June 2016 and 2017 together with the audited financial statements for the half year ended 31 December 2017 are set out in Schedule 5.

2.3 Group Structure

Mobilarm Limited will be renamed Jaxsta Ltd. Jaxsta Ltd will be the parent company as shown in the diagram below.



2.4 Re-compliance with Chapters 1 and 2 of the ASX Listing Rules

ASX has advised the Company that, given that the Company is proposing to make a change in its activities from a marine safety device manufacturer to a technology company, it has exercised its discretion to require the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules prior to the Company completing the Acquisition.

For this purpose, the Company will be required to re-comply with the conditions to listing on ASX set out in Chapters 1 and 2 of the ASX Listing Rules in order to achieve Settlement and before it can be re-instated to trading on ASX following Settlement.

2.5 ASX waivers and confirmations obtained

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.

2.6 Use of Funds

To assist the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules and to support its strategy post-completion of the Acquisition, the Company intends, subject to Shareholder approval, to conduct a capital raising under a public offer pursuant to a full form prospectus to raise a minimum of $5,000,000 (and up to a maximum of $7,000,000) at an issue price of $0.20 per Share (**Capital Raising**). Shareholder approval for the Capital Raising is the subject of Resolution 6.

The Company intends to apply funds raised from the Capital Raising, together with existing cash reserves of the Company and Jaxsta, over the first two years following the readmission of the Company to the Official List of ASX as follows:

Use of Funds	Amount (Minimum)	%	Amount (Maximum)	%
Existing cash reserves of the Company	$2,000,000	29%	$2,000,000	22%
Funds raised under the Capital Raising	$5,000,000	71%	$7,000,000	78%
TOTAL	**$7,000,000**	100%	**$9,000,000**	100%
Sales and marketing[1]	$1,049,421	15%	$1,449,421	16%
Research and Development[2]	$4,380,862	63%	$4,860,862	54%
General working capital[3]	$1,019,717	14%	$2,019,717	22%
Expenses associated with the Capital Raising and the Acquisition	550,000	8%	670,000	8%
TOTAL	**$7,000,000**	**100%**	**$9,000,000**	**100%**

Notes:

1. Sales development teams to manage all key label accounts and users.
2. Research and development expenses are related to the development of future products and services.

3. 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 Notice. 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.

As at the date of this Notice, 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.

2.7 Consolidation

Prior to the acquisition of Jaxsta, the Company intends to consolidate its securities on the basis of the ratio to be determined using the methodology set out in section 4.2 below with fractional entitlements rounded up to the nearest whole Share, Shareholder approval for which is the subject of Resolution 3. The Acquisition Agreement call for a consolidation of 10 to 1, which results in a maximum net consideration of 115,420,126 Shares post-Consolidation. On 31 May 2018, the Company's Shares were suspended from trading. The last trading price before the date of the Meeting will therefore be $0.02.

2.8 Pro forma capital structure

The proposed capital structure of the Company on a pre and post Consolidation basis following completion of the Acquisition and issues of all Shares contemplated by this Notice is set out below.

	Shares	Convertible Note[1]	Performance Rights[3]	Options
Pre-Consolidation				
Current securities on issue	498,119,559	3	5,500,000	
Consolidation (based on a 1 for 10 basis)				
Immediately post-Consolidation	49,811,956	Nil		
Conversion of Performance Rights	550,000			
Conversion of the Convertible Note (Resolution 4) and other existing convertible notes[1 & 2]	32,000,000			
Consideration Shares (Resolution 5)	115,420,126			

	Shares	Convertible Note[1]	Performance Rights[3]	Options
Jaxsta Warrant Shares (Resolution 5)	408,000			
Shareholder Loan Repayment Shares (Resolution 5)	2,000,000			
CEO Options (Resolution 5)[4]				20,000,000
Capital Raising (Resolution 6)	35,000,000			
TOTAL ON COMPLETION OF THE ACQUISITION	**235,190,082**			**20,000,000**

Notes:

1. The above table assumes a Consolidation Ratio of 10:1.
2. As part of the Acquisition, the Company is also converting a further 16,364,982 from another existing convertible note that was approved for conversion by Shareholders at the Company's Annual General Meeting held on 27 November 2016. The 16,364,982 Shares issued on conversion together with the 15,635,018 to be converted subject to Shareholder approval under Resolution 4, will equal a total issuance of 32,000,000 Shares.
3. The Performance Shares were issued to employees in 2013 and 2014 and automatically vest on a change of control of MRT. Conversion into shares is on a 1 for 1 basis (post-Consolidation).
4. Terms and conditions of the CEO Options are set out in Schedule 4.

In the past six months prior to the date of this Notice, the Company issued 5,000,000 Shares for nil cash consideration upon the conversion of existing performance rights.

In the past six months prior to the date of this Notice, Jaxsta issued 39,215,686 shares to institutional shareholders at a price of $0.051 to raise $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. This issue was not underwritten.

2.9 Effect of the Acquisition on the Company's assets, equity interests, revenue and expenditure

The pro-forma balance sheet and profit and loss statement of the Company following completion of the Acquisition and issue of Shares contemplated by this Notice is set out in Schedule 2. The historical and pro-forma information is presented in an abbreviated form, insofar as it does not include all of the disclosure required by the Australian Accounting Standards applicable to annual financial statements.

2.10 Indicative timetable

An indicative timetable for Settlement of the Acquisition and the associated transactions set out in this Notice is set out below:

Event	Date
Dispatch of Notice of General Meeting	16 July 2018
General Meeting to approve Acquisition	17 August 2018
Lodgment of Prospectus with ASIC	20 August 2018
Opening date of Capital Raising	20 August 2018
Closing Date of Capital Raising	10 September 2018
Issue of Shares under Capital Raising	24 September 2018
Settlement of the Acquisition	24 September 2018
Dispatch of Holding Statements	26 September 2018
Re-compliance with Chapters 1 & 2 of the ASX Listing Rules and Settlement of the Acquisition	3 October 2018
Re-instatement to quotation of Securities (including Shares issued under the Capital Raising) on ASX	5 October 2018

Please note this timetable is indicative only and the Board reserves the right to amend the timetable as required.

2.11 Board Intentions upon Settlement

In the event that Settlement occurs, the Company proposes to:

(a) continue development of the Jaxsta Platform;

(b) undertake business development;

(c) undertake sales and marketing throughout Australia and internationally; and;

(d) pursue business development opportunities for the Jaxsta both in Australia and internationally.

It is intended to allocate the funds raised from the Capital Raising and existing cash reserves as set out in Section 2.6 above.

2.12 Composition of the Board of Directors

It is intended that the Board will comprise the following upon Settlement:

(a) Ms Jacqueline Louez Schoorl;

(b) Ms Launa Inman;

(c) Ms Linda Jenkinson; and

(d) Mr Brett Cottle.

It is currently intended that Mr Ken Gaunt and Sir Tim McClement will resign as Directors upon Settlement. Mr Jorge Nigaglioni will resign from the board once the final board is elected and has commenced. He is assisting during the transition period.

The qualifications and experience of the Proposed Directors are set out below:

Jacqueline Louez Schoorl (Proposed Executive Director)

Jacqui's career spans two decades across music, film and television, working for the likes of Channel 9, IF Magazine, and George Lucas on 'Star Wars Episodes II and III, Baz Luhrmann and Catherine Martin on their exquisite 'Chanel No. 5' campaign, Amalgamated Holdings (now Event Hospitality) and EMI Music.

For the past five years, Jacqui has been working solely on Jaxsta.

A regular panellist, Jacqui's speaking engagements have included Commonwealth Bank's Women In Focus conference, BigSound 2017, General Assembly, Australian Music Week and Music Australia - Contemporary Music Roundtable Conference, ARIA Masterclass series, The Future of What podcast and Vivid 2017.

Jacqui also spends her time working as the proud Founder of Women In Music Sydney, a non-profit organisation bringing together a dynamic group of dedicated music professionals to network, learn and in the process create a supportive community.

A proud Dementia Advocate for Dementia Australia, Jacqui works with Dementia Australia as a speaker to help shed some light on the journey for those with Dementia or Alzheimer's and the family and loved ones who are on the journey.

Jacqui is a proud alumni member of CBA's (Commonwealth Bank of Australia's) Women In Focus Program.

Jacqui will not be considered independent in her role as Executive Director following completion of the Acquisition.

Ms Launa Inman (Proposed Non-Executive Chairman)

Launa holds a Masters of Commerce from the University of South Africa.

Launa is a Non-Executive Director of the Super Retail Group, where she is Chair of the Remuneration Committee, and a Board Member of Precinct, a New Zealand commercial property group. Launa also serves on two Not For Profit boards, The Alannah Madeline Foundation and the Virgin Melbourne Fashion Festival.

Launa's previous board experience includes 7 years as a Non-Executive Director on the Commonwealth Bank board. While serving on the Commonwealth Bank Board, Launa was additionally part of the Risk, Remuneration and Audit Committee.

Launa has served as Managing Director/CEO of Officeworks, Target Australia and Billabong International, where she was one of only six Woman CEOs in the ASX 200.

Launa's experience is recognised internationally as a leader of large corporations, multi-brand wholesale and retail, e-commerce, strategic planning, marketing and corporate restructuring. Launa is passionate about customer experience and using technology as an enabler of innovation.

In recognition of her contribution to business Launa was awarded Telstra Australian Businesswoman of the Year and Victoria Businesswoman of the Year in 2003. In 2015 the Australian Marketing Institute awarded her the prestigious Sir

Charles McGrath Award for her significant contribution to the field of marketing and wider industry achievements.

Launa will be considered independent in her role as Chairman following completion of the Acquisition.

Linda Jenkinson (Proposed Non-Executive Director)

Linda holds an M.B.A., Finance & Management from The Wharton School, a B.B.S., Accounting & Finance, Data Processing from Massey University, and A.C.A qualifications.

Linda has over 25 years general management and consulting experience. She has founded two multi-million companies including an IPO of a $230 million international transportation services company with 6,000 employees.

Linda has a strong international background especially in the US and Asia. Her expertise includes change management – led significant change management projects at major banks.

Linda is the Founder and Managing Director of WOW Investments, (www.wowforafrica.com), a model social investment fund focused on building women-led small to medium enterprises in West Africa.

Linda served on for-profit and non-profit Boards including a five-year stint as chair of the San Francisco Bay Area Red Cross annual fundraiser gala.

Linda is currently a Director with Air New Zealand (since May 2014), a Director of Eclipx Group (since January 2018) and Guild Group (since August 2016).

Linda will be considered independent in her role as Non-Executive Director following completion of the Acquisition.

Brett Cottle (Proposed Non-Executive Director)

Brett holds a Bachelor of Laws degree from the University of Sydney.

Brett has been the CEO of APRA AMCOS for the past 27 years. APRA AMCOS is the Australasian Performing Right Association Limited and the Australasian Mechanical Copyright Owners Society Limited combined (in 1997) to provide one organisation to deliver services to music creators and music customers. Prior to that he was the CEO of AMCOS for 5 years. He started his career as the organisation's first in-house counsel in the 1970's. Brett announced in a statement in May 2017 that he would be stepping down from the role in June 2018.

Brett has championed the cause of songwriters' and composers' rights for more than 40 years and instilled and sustained a culture of dedicated service within APRA and AMCOS.

Brett was instrumental in the successful operational merger of APRA and AMCOS which come into effect in 1997. He is renowned in the industry for his advanced negotiating skills.

Brett ranked #27 in themusic.com.au 2016's Power 50, an annual poll ranking the 50 most powerful people in the Australian Music Industry.

Brett will be considered independent in his role as Non-Executive Director following completion of the Acquisition.

2.13 Senior Management

Ms Renee Bryant was recently appointed as Chief Financial Operations Officer of Jaxsta. Renee comes to Jaxsta after 10 years with Chugg Entertainment (five years as CFO) working with the Chugg team on promoting and financing incredible international acts including Coldplay, Elton John, Robbie Williams, Pearl Jam and Sia. Renee has outstanding experience in the world of finance and operations and her experience with working with boards, providing strategic advice on financial performance and sustainability, scoping joint venture feasibilities and extensive experience working with foreign currency will be invaluable to Jaxsta as it moves to its next phase of its business.

2.14 Advantages of the Acquisition

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on the Essential Resolutions:

(a) the Acquisition represents an attractive investment opportunity for the Company to change its business focus to that of an official music database business;

(b) the Company will obtain 100% ownership of Jaxsta;

(c) the Agreement requires the Company to complete a capital raising to raise not less than $5,000,000, which will provide the Company with sufficient funds to implement the proposed commercialisation, marketing and international expansion strategy;

(d) the potential increase in market capitalisation of the Company following Settlement and the associated Capital Raising may lead to increased coverage from investment analysts, access to improved equity capital market opportunities and increased liquidity which are not currently present; and

(e) the appointment to the Board of Mrs Schoorl, Ms Jenkinson, Mr Cottle and Ms Inman provides the Company with extensive commercial experience within the music industry and in managing ASX listed entities; and

(f) the consideration for the Acquisition is Shares thereby allowing more funds raised from the Capital Raising to be used directly on activities on the Jaxsta Platform.

2.15 Disadvantages of the Acquisition

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on the Essential Resolutions:

(a) the Company will be changing the nature and scale of its activities to primarily be an official music database business, which may not be consistent with the objectives of all Shareholders;

(b) the Acquisition will result in the issue of Shares under the Capital Raising and the issue of the Consideration Shares, all of which will have a dilutionary effect on the holdings of Shareholders;

(c) in connection with the Acquisition, the Company has been required to engage a number of advisors, lawyers and experts to facilitate and report on the Acquisition, which represent significant, but necessary costs to the Company;

(d) future outlays of funds from the Company may be required for the operations of Jaxsta; and

(e) there are additional risk factors associated with the change in nature of the Company's activities resulting from the Acquisition. Some of the key risks are summarised in Section 2.16 below.

2.16 Risk factors

The key risks of the Acquisition and following completion of the Acquisition are:

(a) **Risks relating to the Change in Nature and Scale of Activities**

(i) **Re-quotation of shares on ASX**

The acquisition of Jaxsta constitutes a significant change in the nature and scale of the Company's activities and the Company needs to re-comply with Chapters 1 and 2 of the ASX Listing Rules as if it were seeking admission to the official list of ASX.

There is a risk that the Company may not be able to meet the requirements of the ASX for re-quotation of its Shares on the ASX. Should this occur, the Shares will not be able to be traded on the ASX until such time as those requirements can be met, if at all. Shareholders may be prevented from trading their Shares should the Company be suspended until such time as it does re-comply with the ASX Listing Rules.

(ii) **Dilution risk**

The Company currently has 493,119,559 pre-Consolidation Shares on issue (being, 49,311,956 Shares (assuming a post Consolidation Ratio of 10:1). Pursuant to the Acquisition Agreement, the Company proposes to issue:

(A) the Consideration Shares; and

(B) the Capital Raising Shares.

On issue of the Consideration Shares and the Capital Raising Shares (on a Minimum Subscription basis):

(A) the existing Shareholders (including holders of Shares upon conversion of convertible notes and Performance Rights) will retain approximately 37.54% of the Company's issued Share capital;

(B) the Jaxsta Shareholders (including holders of the Shareholder Loan Repayment Shares) will hold approximately 51.34% of the Company's issued Share capital; and

(C) the investors under the Capital Raising will hold approximately 11.12% of the Company's issued Share capital.

There is also a risk that the interests of Shareholders will be further diluted as a result of future capital raisings required in order to fund the development of the Jaxsta technology and Platform.

(iii) **Liquidity risk**

On Settlement, the Company proposes to issue Shares to the Jaxsta Shareholders in consideration for the acquisition of 100% of the issued capital of Jaxsta not already held by the Company. The Company understands that ASX will treat these securities as restricted securities in accordance with Chapter 9 of the ASX Listing Rules. However, submissions will be made to the ASX to apply for cash formula relief in respect of these Securities.

Based on the post-Acquisition capital structure (assuming no further Shares are issued or Options exercised), the Consideration Shares will equate to approximately 52.24% of the issued Share capital on an undiluted basis. This could be considered an increased liquidity risk as a large portion of issued capital may not be able to be traded freely for a period of time.

(iv) **Completion risk**

Pursuant to the Agreement, the key terms of which are summarised in Schedule 1, the Company has agreed to acquire 100% of Jaxsta, completion of which is subject to the fulfilment of certain conditions. There is a risk that the conditions for completion of the Acquisition can't be fulfilled and, in turn, that completion of the Acquisition does not occur.

If the Acquisition is not completed, the Company will incur costs relating to advisors and other costs without any material benefit being achieved.

(b) **Risks in respect of Jaxsta's current operations**

(i) **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.

(ii) **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.

(iii) **Future funding needs**

The cash reserves of the Company as at Settlement, the funds to be received following the sale of MRT and 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.

(iv) **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.

(v) **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.

(vi) **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.

(vii) **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. The data partner agreements will be for an initial term of one year (with automatic renewal for a further year, unless the data provider elects to terminate). However, this is not unusual for the industry.

(viii) **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.

(ix) **Sales and marketing success**

The Company intends to use some of the funds raised under the Capital Raising on sales and marketing measures to grow the Platform. By their nature, there is no guarantee that such sales and marketing campaigns will be successful. If they are not, the Company may encounter difficulty in creating market awareness of the Jaxsta Platform, which would likely have an adverse impact on Jaxsta's sales and profitability.

(x) **Competition and new technologies**

The industry in which Jaxsta is involved is subject to increasing domestic and global competition which is fast-paced and fast-changing. While Jaxsta will undertake all reasonable due diligence in its business decisions and operations, Jaxsta will have no influence or control over the activities or actions of its competitors, whose activities or actions may positively, or negatively affect the operating and financial performance of Jaxsta and business. For instance, new technologies could overtake the advancements made by Jaxsta. In that case, Jaxsta's revenues and profitability could be adversely affected.

There are relatively low barriers to entry in the field in which Jaxsta operates. Due to the rapid pace of technological change and industry development, it is likely that new technologies or products may be developed that replicate or even potentially supersede aspects of Jaxsta and represents a risk to Jaxsta's business model.

(xi) **Privacy concerns**

Regulations in various jurisdictions limit tracking and collection of personal identification and information. If Jaxsta breaches such regulations, its business, reputation, financial position and financial performance may be detrimentally affected. External events may also cause regulators to amend regulations in respect of the collection and use of user information. Any amended regulations may introduce controls which make the operation of certain types of tracking technologies unusable which could damage Jaxsta's financial position and financial performance by adding costs to through the requirement to develop and implement new technologies.

(xii) **Protection of Intellectual Property Rights**

Jaxsta's business depends on customers being attracted to its website. Jaxsta has registered a domain name (www.jaxsta.com) trademarks and logos for the purposes of its website. However, should Jaxsta not renew or otherwise lose control of its domain name, it would lose all website traffic direct to that domain which would adversely affect Jaxsta's performance.

The architecture, functionality and design of the Platform is unique from its competitors. Its code base and algorithms, documentation, architecture and process flow, form part of its proprietary trade secret. Jaxsta is currently working with a patent firm to identify which aspects of the Jaxsta solution are patentable. However, the acronym "Jaxsta" and the related logos are currently either trademarked or in the process of being trademarked.

The value of Jaxsta is, to an extent, dependent on Jaxsta's ability to protect its other intellectual property rights. If Jaxsta fails to protect its intellectual property rights adequately, competitors may gain access to its technology which would in turn harm its business.

Third parties may knowingly or unknowingly infringe on Jaxsta's intellectual property rights. Legal standards relating to the validity, enforceability and scope of protection of intellectual property rights are uncertain and vary. Effective patent, trademark, copyright and trade secret protection may not be available to Jaxsta in every country in which its products and services are available. Accordingly, despite its efforts, Jaxsta may not be able to prevent third parties from infringing upon or misappropriating its intellectual property.

Jaxsta may be required to incur significant expenses in monitoring and protecting its intellectual property rights. It may initiate or otherwise be involved in litigation against third parties for infringement, or to establish the validity, of its rights. Any litigation, whether or not successful, could result in significant expense to Jaxsta and cause a distraction to management.

Unauthorised use of Jaxsta's brands in counterfeit products or services may not only result in potential revenue loss, but also have an adverse impact on its brand value and perceptions of its product qualities.

(xiii) **Contract Risk**

The operations of Jaxsta will require the involvement of a number of third parties, including suppliers, contractors and customers. With respect to these third parties, and despite applying best practice in terms of pre-contracting due diligence, Jaxsta is unable to completely avoid the risk of:

(A) financial failure or default by a participant in any joint venture to which Jaxsta may become a party;

(B) insolvency, default on performance or delivery, or any managerial failure by any of the operators and contractors used by Jaxsta in its activities; or

(C) insolvency, default on performance or delivery, or any managerial failure by any other service providers used by Jaxsta or operators for any activity.

Financial failure, insolvency, default on performance or delivery, or any managerial failure by such third parties may have a material impact on Jaxsta's operations and performance. Whilst best practice pre-contracting due diligence is undertaken for all third parties engaged by Jaxsta, it is not possible for Jaxsta to predict or protect itself completely against all such contract risks.

(xiv) **Employees**

There is a risk that Jaxsta may fail to attract, retain or develop key employees, consultants and contractors and this would have a negative effect upon the development of Jaxsta and its operations. Jaxsta has put in place appropriate contracts with its employees and statement of work contracts with its key contractors which provide appropriate financial incentives to remain with the Company and assist it to perform well.

(c) **General Risks Relating to the Company**

(i) **Economic risks**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company’s activities, as well as on its ability to fund those activities.

Further, share market conditions may affect the value of the Company’s securities regardless of the Company’s operating performance. Share market conditions are affected by many factors such as:

(A) general economic outlook;

(B) interest rates and inflation rates;

(C) currency fluctuations;

(D) changes in investor sentiment toward particular market sectors;

(E) the demand for, and supply of, capital; and

(F) terrorism or other hostilities.

(ii) **Technology Sector Risks**

The technology sector is characterised by rapid change. New and disruptive technologies can place competitive pressures on existing companies and business models, and technology stocks may experience greater price volatility than securities in some slower changing market sectors.

The value of the Company's securities may be adversely affected by any general decline in the valuation of listed securities and/or adverse market sentiment towards the technology sector in particular, regardless of the Company's operating performance.

(iii) **Acquisitions**

As part of its business strategy, the Company may make acquisitions of, or significant investments in, companies, products, technologies and/or products that are complementary to the Company's business. Any such future transactions are accompanied by the risks commonly encountered in making acquisitions of companies, products and technologies, such as integrating cultures and systems of operation, relocation of operations, short term strain on working capital requirements, achieving the sales and margins anticipated and retaining key staff and customer and supplier relationships.

(iv) **Risk of high volume of Share sales**

If Settlement occurs, the Company will have issued a significant number of new Securities to various parties. Some of the Jaxsta Shareholders and others that receive Shares as a result of the Acquisition or the Capital Raising may not intend to continue to hold those Shares and may wish to sell them on ASX (subject to any applicable escrow period). There is a risk that an increase in the amount of people wanting to sell Shares may adversely impact on the market price of the Company's Shares.

There can be no assurance that there will be, or continue to be, an active market for Shares or that the price of Shares will increase. As a result, Shareholders may, upon selling their Shares, receive a market price for their securities that is less than the price of Shares offered pursuant to the Capital Raising.

(v) **Trading price of Shares**

The Company's operating results, economic and financial prospects and other factors will affect the trading price of the Shares. In addition, the price of Shares is subject to varied and often unpredictable influences on the market for equities, including, but not limited to, general economic conditions including the performance of the Australian dollar on world markets, inflation rates, foreign exchange rates and interest rates, variations in the general market for listed stocks in general, changes to government policy, legislation or regulation, industrial disputes, general operational and business risks and hedging or arbitrage trading activity that may develop involving the Shares.

In particular, the share prices for many companies have been and may in the future be highly volatile, which in many cases may reflect a diverse range of non-company specific influences such as global hostilities and tensions relating to certain unstable regions of the world, acts of terrorism and the general state of the global economy. No assurances can be made that the Company's market performance will not be adversely affected by any such market fluctuations or factors.

2.17 Plans for the Company if completion of the Acquisition does not occur

If the Essential Resolutions are not passed and the Agreement is not completed, the Company will continue to focus on looking for potential business acquisitions to take the Company forward.

2.18 Directors' interests in the Acquisition

None of the Company's existing Directors have any interest in the Acquisition, other than as disclosed in this Notice.

2.19 Jaxsta's interests in the Company

None of the Jaxsta Shareholders or their associates are related parties of the Company (other than by virtue of becoming Directors upon Settlement) and they have no existing interest in the Company's Securities (other than as outlined in Section 6.2(c) below).

2.20 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 Acquisition is in the interests of the Company and its Shareholders.

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.

Further, the Company:

(a) notes that ASX takes no responsibility for the contents of this Notice; and

(b) confirms that it is in compliance with its continuous disclosure obligations under Listing Rule 3.1.

2.21 Forward looking statements

The forward-looking statements in this Explanatory Statement are based on the Company's current expectations about future events. However, they are subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and the Directors, which could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by the forward-looking statements in this Explanatory Statement. These risks include but are not limited to, the risks detailed in Section 2.16. Forward looking statements include those containing words such as 'anticipate', 'estimates', 'should', 'will', 'expects', 'plans' or similar expressions.

3. RESOLUTION 2 – CHANGE TO NATURE AND SCALE OF ACTIVITIES – ACQUISITION OF JAXSTA HOLDINGS PTY LTD

3.1 General

Resolution 2 seeks approval from Shareholders for the Acquisition.

As set out above, the Acquisition will change the nature of the Company's activities from a marine safety solutions business to a music database business.

A summary of the terms and conditions of the Agreement is set out in Schedule 1 and a detailed description of Jaxsta and its business is outlined in Section 2.2 above.

3.2 ASX Listing Rule 11.1

ASX Listing Rule 11.1 provides that where an entity proposes to make a significant change, either directly or indirectly, to the nature or scale of its activities, it must provide full details to ASX as soon as practicable (and before making the change) and comply with the following:

(a) provide to ASX information regarding the change and its effect on future potential earnings, and any information that ASX asks for;

(b) if ASX requires, obtain the approval of holders of its shares and comply with any requirements of ASX in relation to the notice of meeting; and

(c) if ASX requires, meet the requirements of Chapters 1 and 2 of the ASX Listing Rules as if the entity were applying for admission to the official list of ASX.

ASX has indicated to the Company that the change in the nature and scale of the Company's activities as a result of the Acquisition requires the Company, in accordance with ASX Listing Rule 11.1.2, to obtain Shareholder approval and the Company must comply with any requirements of ASX in relation to the Notice of Meeting.

3.3 Suspension until re-compliance with Chapters 1 and 2 of the ASX Listing Rules

ASX has also indicated to the Company that the change in the nature and scale of the Company's activities is a back-door listing of Jaxsta which consequently requires the Company to (in accordance with ASX Listing Rule 11.1.3) re-comply with the admission requirements set out in Chapters 1 and 2 of the ASX Listing Rules (including any ASX requirement to treat the Company's securities as restricted securities).

The Company's Shares have now been suspended and are expected to re-commence trading, assuming all Essential Resolutions are passed, following re-compliance with the admission requirements set out in Chapters 1 and 2 of the ASX Listing Rules in conjunction with completion of the Acquisition and the Capital Raising.

If the Essential Resolutions are not approved at the Meeting, it is expected that the Company's Securities will be reinstated to quotation on ASX's Official List after the Company announces the results of the Meeting in accordance with the Listing Rules and Corporations Act.

It is noted that if the Essential Resolutions are not approved but Resolution 1 is approved, the Company's securities may not be reinstated to quotation on the Official List of ASX until such time as its level of operations are, in ASX's opinion, sufficient to warrant the continued quotation of the Company's securities and its continued listing, in accordance with Listing Rule 12.1.

4. RESOLUTION 3 - CONSOLIDATION OF CAPITAL

4.1 Background

Resolution 3 seeks Shareholder approval for the Company to undertake a 10:1 consolidation of its capital (**Consolidation**).

If Resolution 2 is passed and excluding any Securities issued pursuant to the other Resolutions, the number of Shares on issue will be consolidated from 498,119,559 (pre-Consolidation) to 49,811,956 (post-Consolidation) (subject to rounding).

The purpose of the Consolidation is to implement a more appropriate capital structure for the Company moving forward and to assist the Company in re-complying with Chapters 1 and 2 of the Listing Rules which as set out above, is required to obtain re-instatement of its Shares to trading on the Official List of ASX on completion of the Acquisition.

The Directors intend to implement the Consolidation prior to completion of the Acquisition and prior to the proposed issues of Securities pursuant to the Essential Resolutions, but the Consolidation will only occur if Shareholders approve those Resolutions.

4.2 Legal requirements

Section 254H(1) of the Corporations Act provides that a company may, by resolution passed in a general meeting, convert all or any of its shares into a larger or smaller number.

4.3 Fractional entitlements

Not all Shareholders will hold that number of Shares which can be evenly divided by the Consolidation Ratio. Where a fractional entitlement occurs, the Company will round that fraction up to the nearest whole Share.

4.4 Effect on capital structure

The effect which the Consolidation will have on the Company's capital structure is set out above in Section 2.8.

4.5 Taxation

It is not considered that any taxation implications will exist for Shareholders arising from the Consolidation. However, Shareholders are advised to seek their own tax advice on the effect of the Consolidation and neither the Company, nor its advisers, accept any responsibility for the individual taxation implications arising from the Consolidation.

4.6 Holding statements

From the date two Business Days after the Consolidation is approved by Shareholders, all holding statements for Shares will cease to have any effect, except as evidence of entitlement to a certain number of Shares on a post-Consolidation basis.

After the Consolidation becomes effective, the Company will arrange for new holding statements for Shares to be issued to holders of those Shares.

It is the responsibility of each Shareholder to check the number of Shares held prior to disposal.

4.7 Timetable

If Resolution 3 is passed, the consolidation of capital will take effect in accordance with the following timetable (as set out in Appendix 7A (paragraph 8) of the ASX Listing Rules):

Action	Date
Company announce Consolidation and sends out Notice of Meeting seeking Shareholder approval for the Consolidation.	16 July 2018
Company tells ASX that Shareholders have approved the Consolidation.	17 August 2018
Last day for trading in pre-Consolidation Shares.	20 August 2018
Post-Consolidation trading starts on a deferred settlement basis.	21 August 2018

Action	Date
Last day for Company to register transfers on a pre-Consolidation basis.	22 August 2018
First day for Company to send to each holder notice of the change in their details of holdings.	23 August 2018
First day for the Company to register Shares on a post-Consolidation basis and first day for issue of holding statements.	
Change of details of holdings date. Deferred settlement market ends.	29 August 2018
Last day for Shares to be entered into holders' Security holdings.	
Last day for the Company to send to each holder notice of the change in their details of holdings.	

5. RESOLUTION 4 – ISSUE OF SHARES PURSUANT TO CONVERTIBLE NOTE

5.1 Background

In July 2013, the Company entered into a convertible facility agreement in relation to a convertible note facility with Melanie Theresse Verheggen (**Noteholder**) with an investment value of $1,671,525 (**Convertible Note Facility**). Further details with respect to the Convertible Note Facility are set out in the Company's Annual Reports for the 2014, 2015, 2016 and 2017 financial years together with the Company's Appendix 4C dated 28 April 2018.

The Company received $1,671,525 under the Convertible Note Facility in consideration for the issue of a convertible note worth $1,954,377.23 (**Convertible Note**). Subject to Shareholder approval, the convertible note will convert into 15,635,018 Shares.

As part of the Acquisition, the Company is also converting a further 16,364,982 from another existing convertible note that was approved for conversion by Shareholders at the Company's Annual General Meeting held on 29 November 2016. The 16,364,982 Shares issued on conversion together with the 15,635,018 to be converted subject to Shareholder approval under this Resolution, will equal a total issuance of 32,000,000 Shares (**Note Threshold**).

The Company will pay interest at a rate of 6% per annum on the current value of funds advanced by the Noteholder. The interest component of the Convertible Note will convert into Shares on the same terms as the principle up to the Note Threshold, from which point, interest will be repaid in cash.

As at the date of this Notice, a total of $318.276.05 worth of interest is payable under the Convertible Note and interest will continue to accrue until Settlement.

It is noted that the issue of Shares to the Noteholder upon conversion the Convertible Note Facility will occur simultaneously with the issue of Shares under the Acquisition and Capital Raising and the Company confirms that no Shares will be issued to the Noteholder if the issue will contravene section 606 of the Corporations Act.

5.2 General

As noted in section 5.1, the Company has agreed, subject to Shareholder approval, to issue 15,635,018 shares to the Noteholder (and her nominee) under the Convertible Note Facility.

Resolution 4 seeks Shareholder approval to issue these Shares to the Noteholder (and her nominee).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12-month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolution 4 will be to allow the Company to issue these Shares during the period of 3 months after the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) without using the Company's 15% annual placement capacity set out in ASX Listing Rule 7.1.

5.3 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 4:

(a) the maximum number of Shares to be issued is 15,635,018;

(b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares will occur on the same date;

(c) the issue price will be $0.0125;

(d) the Shares will be issued to the Noteholder and her nominee (refer to footnote 2 to the table in Section 6.4(b)(i)), none of whom are related parties of the Company;

(e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and

(f) the Company used the funds raised from the Convertible Note Facility towards general working capital including its ongoing MRT operations as well as development of its MRT Rental and Service programs. No funds will be raised from the conversion of the Convertible Note into Shares.

6. RESOLUTION 5 – APPROVAL FOR THE ACQUISITION OF A RELEVANT INTEREST IN THE COMPANY BY JAXSTA

6.1 Background

Resolution 5 seeks Shareholder approval, for the purpose of item 7 of Section 611 of the Corporations Act, to allow the Company to issue the following in relation to the acquisition of Jaxsta:

(a) up to 115,420,126 Consideration Shares to the Jaxsta Shareholders;

(b) 408,000 Jaxsta Warrant Shares to the Jaxsta Warrant Holder;

(c) 2,000,000 Shareholder Loan Repayment Shares to the Founder Vendors; and

(d) 20,000,000 CEO Options to Jacqueline Louez Schoorl,

(together, the **New Securities**), and the issue of the following:

(e) 20,000,000 Shares on exercise of the CEO Options.

As set out in this Section 6, at the Completion of the Acquisition and issue of the New Securities all Jaxsta Shareholders are deemed by the Company to be associates (refer to Section 6.2(d)).

The issue of the Consideration Shares will result in the combined Jaxsta Shareholders' voting power in the Company to increase from 8.54% up to a maximum 51.81% and the issue of the Shareholder Loan Repayment Shares and Jaxsta Warrant Shares will result in the Jaxsta Shareholders' voting power in the Company to further increase to up to 52.32% (assuming no Options are exercised and based on a Minimum Subscription)

If all of the CEO Options are issued and exercised, it will result in the Jaxsta Shareholder's voting power in the Company increasing to 56.21% (based on a Minimum Subscription).

However, it is expected that the Jaxsta Shareholders will cease being associates prior to the exercise of the CEO Options and so it is unlikely the voting power of the Jaxsta Shareholders would ever reach this level.

The terms of the CEO Options are outlined in Schedule 4.

6.2 Item 7 of Section 611 of the Corporations Act

(a) Section 606 of the Corporations Act – Statutory Prohibition

Pursuant to Section 606(1) of the Corporations Act, a person must not acquire a relevant interest in issued voting shares in a listed company if the person acquiring the interest does so through a transaction in relation to securities entered into by or on behalf of the person and because of the transaction, that person's or someone else's voting power in the company increases:

(i) from 20% or below to more than 20%; or

(ii) from a starting point that is above 20% and below 90%,

(**Prohibition**).

(b) Voting Power

The voting power of a person in a body corporate is determined in accordance with Section 610 of the Corporations Act. The calculation of a person's voting power in a company involves determining the voting shares in the company in which the person and the person's associates have a relevant interest.

(c) **Jaxsta Shareholders' entitlements in the Company**

For the purpose of determining the maximum voting power of the Jaxsta Shareholders in this Notice, the Jaxsta Shareholders are all deemed to be associates as at the date of settlement of the Acquisition on the basis that the Jaxsta Shareholders are all entitled to receive Shares under the same Share Sale Agreement.

As at the date of this Notice, Melanie Verheggen holds Shares in the Company as set out below (on a post-consolidation basis):

Shares	Options	Voting Power
4,255,137	-	8.54%

Pursuant to Resolution 4, the Company is seeking approval to issue a further 14,982,546 to Melanie Verheggen upon the conversion of a convertible note facility (**Convertible Note Shares**). It is noted that the issue of Shares to Ms Verheggen upon conversion the convertible note will occur simultaneously with the issue of Shares under the Acquisition and Capital Raising and the Company confirms that no Shares will be issued to Ms Verheagen if the issue will contravene section 606 of the Corporations Act.

The voting power of Ms Verheggem will increase to 17.93% upon completion of the Acquisition and Capital Raising, assuming the Minimum Subscription is raised.

Upon the issue of the Consideration Shares, Shareholder Loan Repayment Shares, Jaxsta Warrant Shares and CEO Options, the Jaxsta Shareholders will acquire a cumulative voting power in the company as set out below:

Shares	Options	Maximum Voting Power
137,065,809	20,000,000	60.9%

Upon the exercise of the CEO Options, the cumulative voting power of the Jaxsta Shareholders will increase, based on the assumption that they remain 'associates' as at the date of the exercise. **As outlined above, it is not expected that the Jaxsta Shareholders will remain associates at the time of the exercise of the CEO Options, and therefore it is considered unlikely that the maximum voting power will be reached.**

(d) **Associates**

For the purposes of determining voting power under the Corporations Act, a person (**second person**) is an "associate" of the other person (**first person**) if:

(i) (pursuant to Section 12(2) of the Corporations Act) the first person is a body corporate and the second person is:

(A) a body corporate the first person controls;

(B) a body corporate that controls the first person; or

(C) a body corporate that is controlled by an entity that controls the person;

(ii) the second person has entered or proposes to enter into a relevant agreement with the first person for the purpose of controlling or influencing the composition of the company's board or the conduct of the company's affairs; or

(iii) the second person is a person with whom the first person is acting or proposes to act, in concert in relation to the company's affairs.

Associates are, therefore, determined as a matter of fact. For example where a person controls or influences the board or the conduct of a company's business affairs, or acts in concert with a person in relation to the entity's business affairs.

As referenced above, for the purpose of this Resolution, all of the Jaxsta Shareholders are considered to be associates as at the time that the Acquisition is settled and they receive their respective Shares in the Company as they have all executed the Agreement to dispose of their respective Jaxsta Shares to the Company in return for the Consideration Shares. However, there is no guarantee or assumption that the Jaxsta Shareholders will remain associates after the date and time of settlement of the Acquisition and issue of those securities. It is therefore likely that the maximum voting power of the Jaxsta Shareholders will not be as high as outlined in this Notice unless the Jaxsta Shareholders continue to conduct themselves as associates as outlined above.

However, Jacqueline Samantha Louez Schrool and Louis Shrool, the founding shareholders of Jaxsta, are related parties by virtue of being married, and as such will remain associates after the completion of settlement of the Acquisition and the securities held by each will be calculated together in determining the voting power of both Mrs Shrool and Mr Shrool after settlement.

(e) **Relevant Interests**

Section 608(1) of the Corporations Act provides that a person has a relevant interest in securities if they:

(i) are the holder of the securities;

(ii) have the power to exercise, or control the exercise of, a right to vote attached to the securities; or

(iii) have power to dispose of, or control the exercise of a power to dispose of, the securities.

It does not matter how remote the relevant interest is or how it arises. If two or more people can jointly exercise one of these powers, each of them is taken to have that power.

In addition, Section 608(3) of the Corporations Act provides that a person has a relevant interest in securities that any of the following has:

(i) a body corporate in which the person's voting power is above 20%;

(ii) a body corporate that the person controls.

6.3 Reason Section 611 Approval is Required

Item 7 of Section 611 of the Corporations Act provides an exception to the Prohibition, whereby a person may acquire a relevant interest in a company's voting shares with shareholder approval.

Other than as outlined in Section 6.2(c) above, the Jaxsta Shareholders do not currently have a relevant interest in any Shares in the Company. However, following the issue of the Consideration Shares, Loan Repayment Shares, Jaxsta Warrant Shares and Convertible Note Shares, the Jaxsta Shareholders will have a relevant interest in 137,065,809 Shares in the Company, representing 60.9% voting power in the Company. This assumes that only the minimum subscription of $5,000,000 is raised but does not include the exercise of the CEO Options.

Further, the CEO Options are exercisable at $0.20 each. Upon exercise, the holder (Jacqueline Louez Schoorl) will be issued up to 20,000,000 additional Shares. This would increase the Jaxsta Shareholder's voting power to 64% (based on Minimum Subscription).

Accordingly, Resolution 5 seeks Shareholder approval for the purpose of Item 7 of Section 611 and all other purposes in order to permit the Jaxsta Shareholders' voting power in the Company to increase as a result of the issue of the Consideration Shares, the Shareholder Loan Repayment Shares and the Jaxsta Warrant Shares, and to enable exercise of the CEO Options. As outlined above however, it is considered unlikely that the Jaxsta Shareholders will all remain associated after settlement of the Acquisition (other than Mr and Mrs Shrool) and therefore it is unlikely that the voting power of the Jaxsta Shareholders will be as high as the maximum voting power approved under this Resolution.

6.4 Specific Information required by Section 611 Item 7 of the Corporations Act and ASIC Regulatory Guide 74

The following information is required to be provided to Shareholders under the Corporations Act and ASIC Regulatory Guide 74 in respect of obtaining approval for Item 7 of Section 611 of the Corporations Act. Shareholders are also referred to the Independent Expert's Report prepared by Elderton Capital Limited annexed to this Explanatory Statement.

(a) **Identity of the Jaxsta Shareholders and its Associates**

The majority shareholders and founders of Jaxsta comprise Jacqueline Louez Schoorl, Louis Schoorl and Melanie Verheggen (**Majority Shareholders**).

None of the Jaxsta Shareholders or their associates are related parties of the Company (other than by virtue of Ms Jacqueline Louez Schoorl becoming a director upon Settlement) and they have no existing interest in the Company's securities (other than as set out in Section 6.2(c)).

(b) **Relevant Interest and Voting Power**

(i) **Relevant Interest**

The relevant interests of the Jaxsta Shareholders and each Relevant Associate in voting shares in the capital of the

Company (both current, and following completion of the Acquisition) are set out in the table below:

Party	Capacity	Relevant Interest as at the date of this Notice of Meeting	Relevant Interest after conversion of Convertible Notes (post-Consolidation)	Relevant Interest after issue of Consideration Shares (post-Consolidation)	Relevant Interest after issue of Shareholder Loan Repayment Shares and Jaxsta Warrant Shares
Jacqueline Louez Schoorl	Legal and beneficial holders of the Jaxsta Shares to be acquired by the Company under the Acquisition	0	0	30,991,124	31,991,124
Louis Schoorl	Legal and beneficial holders of the Jaxsta Shares to be acquired by the Company under the Acquisition	0	0	30,991,120	31,991,120
Melanie Verheggen	Beneficial holder of the Jaxsta Shares to be acquired by the Company under the Acquisition[1]	4,255,137	19,237,683[2]	40,367,992	40,367,992
Minority Jaxsta Shareholders	Legal and beneficial holders of the Jaxsta Shares to be acquired by the Company under the Acquisition	0	0	32,307,573	32,715,573
TOTAL		**4,255,137**	**19,237,683**	**134,657,809**	**137,065,809**

Notes:

1. Legal title to the Jaxsta shares is held by Gleneagle Securities Nominees Pty Ltd.
2. It is noted that upon conversion of the Convertible Note pursuant to Resolution 4, a total of 14,982,546 Shares will be issued to Ms Verheggen and 652,471 Shares will be issued to a non-associated nominee of Ms Verheggen who contributed funds under the Convertible Note Facility.

(ii) **Voting Power**

The voting power of the Jaxsta Shareholders (both current, and upon completion of the Acquisition and Capital Raising) is set out in the table below (assuming Minimum Subscription):

Party	Capacity	Voting power as at the date of this Notice of Meeting	Voting power after conversion of Convertible Notes (post-Consolidation)	Voting power after the issue of Consideration Shares, Shareholder Loan Repayment Shares and Jaxsta Warrant Shares	Voting power after the issue of Consideration Shares, Shareholder Loan Repayment Shares, Jaxsta Warrant Shares and exercise of CEO Options
Jacqueline Louez Schoorl	Legal and beneficial holders of the Jaxsta Shares to be acquired by the Company under the Acquisition	0%	0%	14.21%	21.20%
Louis Schoorl	Legal and beneficial holders of the Jaxsta Shares to be acquired by the Company under the Acquisition	0%	0%	14.21%	21.20%
Melanie Verheggen	Beneficial holder of the Jaxsta Shares to be acquired by the Company under the Acquisition[1]	8.54%	23.51%	17.93%	16.46%
Minority Jaxsta Shareholders	Legal and beneficial holders of the Jaxsta Shares to be acquired by the Company under the Acquisition	0%	0%	14.53%	13.34%

Notes:

1. Legal title to the Jaxsta shares is held by Gleneagle Securities Nominees Pty Ltd.

As noted above, it is expected that the Jaxsta Shareholders will cease being associates after the date of Settlement, other than Mr and Mrs Shrool, whose respective securities will be calculated together in determining their voting power after settlement.

Further details on the voting power of the Jaxsta Shareholders is set out in the Independent Expert's Report prepared by Elderton Capital Pty Ltd.

(iii) **Summary of Increases**

The maximum voting power that the Jaxsta Shareholders will hold after the issue of the Consideration Shares, Shareholder Loan Repayment Shares and Jaxsta Warrant Shares is 60.8%

and upon exercise of the CEO Options, the voting power increases to 64%.

(iv) **Assumptions**

Note that the following assumptions have been made in calculating the above:

(A) the Company has 49,811,956 post-Consolidation Shares on issue as at the date of this Notice of Meeting;

(B) the Company does not issue any additional Shares other than in accordance with the pro-forma capital structure set out at Section 2.8 and upon exercise of the CEO Options;

(C) all Performance Rights or Convertible Notes are converted;

(D) the Company has agreed to issue 115,420,126 post-Consolidation Consideration Shares;

(E) the Minimum Subscription is raised; and

(F) no other Shares are to be issued pursuant to the Acquisition and the associated transaction.

(c) **Reasons for the proposed issue of securities**

The New Securities are to be issued to the Jaxsta Shareholders in accordance with the terms of the Acquisition Agreement.

(d) **Material terms of proposed issue of securities**

The Company will not issue the New Securities until the all conditions precedent under the Acquisition Agreement have been satisfied, including that all Shareholder Approvals have been obtained.

The issue of New Securities will take place upon settlement of the Acquisition Agreement which is currently anticipated to occur 5 days after satisfaction (or waiver) of the last of the conditions precedent.

(e) **Interests of Directors**

(i) The current Directors recommend that Shareholders vote in favour of Resolutions 5.

(iii) Neither the Jaxsta Shareholders nor the Directors are aware of any other information other than as set out in this Notice of Meeting that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 5.

(f) **Intentions of the Jaxsta Shareholders**

Other than as disclosed elsewhere in this Explanatory Statement, the Jaxsta Shareholders:

(i) have no present intention of making any significant changes to the Jaxsta Business other than as set out in section 2.2;

(ii) have intentions to make available further capital into the Company which is sufficient to ensure the Company can fund on-going operations, develop the Jaxsta Business and fund the Company's working capital;

(iii) do not intend to redeploy any fixed assets of the Company;

(iv) do not intend the Company to pay dividends and do not intend to set a dividend distribution policy for the Company until such time as the Company is profitable and has a positive cash flow; and

(v) do not intend to transfer any property between the Company and the Jaxsta Shareholders.

These intentions are based on information concerning the Company, its business and the business environment which is known to the Jaxsta Shareholders at the date of this document.

These present intentions may change as new information becomes available, as circumstances change or in the light of all material information, facts and circumstances necessary to assess the operational, commercial, taxation and financial implications of those decisions at the relevant time. Accordingly, the statements set out above are statements of current intentions only.

(g) **Capital Structure**

The capital structure upon completion of the Acquisition, is set out in section 2.8.

6.5 Advantages of the Issue

A non-exhaustive list of advantages of the proposed Acquisition is set out in section 2.14 above.

Elderton Capital Limited has concluded that the issue of the Shares is **FAIR** and **REASONABLE** to the non-associated Shareholders. A copy of the Independent Expert's Report prepared by Elderton Capital Limited is enclosed with this Notice.

6.6 Disadvantages of the Issue

A non-exhaustive list of disadvantages of the proposed Acquisition is set out in section 2.15 above.

6.7 Independent Expert's Report

The Independent Expert's Report prepared by Elderton Capital Limited (a copy of which is attached as Annexure A to this Explanatory Statement) assesses whether the issue of Securities contemplated by Resolution 5 and the resulting increase in the voting power of the Jaxsta Shareholders and their associates is fair and reasonable to the non-associated Shareholders of the Company.

The Independent Expert's Report concludes that the transaction contemplated by Resolution 5 is **FAIR** and **REASONABLE** to the non-associated Shareholders of the Company.

Shareholders are urged to carefully read the Independent Expert's Report to understand the scope of the report, the methodology of the valuation, the sources of information and assumptions made and the advantages and disadvantages of the proposed Acquisition.

6.8 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

(a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and

(b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of the New Securities constitutes giving a financial benefit and Ms Jacqueline Louez Schroorl and Mr Louis Schoorl (**Related Parties**) are related parties of the Company by virtue of being persons who are likely to become related parties of the Company in the future.

The Directors consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the New Securities because the New Securities will be issued to the Related Parties on arm's length terms.

6.9 ASX Listing Rule 10.11

ASX Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the issue of the New Securities involves the issue of securities to related parties of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the Exception 6 to ASX Listing Rule 10.11 applies in the current circumstances.

6.10 Technical information required by ASX Listing Rule 7.1

Approval pursuant to ASX Listing Rule 7.1 is not required for the issue of the New Securities as approval is being obtained for the purposes of Item 7 of Section 611 of the Corporations Act, which is an exception to ASX Listing Rule 7.1. Accordingly, the issue of the New Securities to the Jaxsta Shareholders (or their nominees) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

6.11 Pro forma balance sheet

A pro forma balance sheet of the Company post the completion of the issue is set out in Schedule 2.

7. RESOLUTION 6 – CAPITAL RAISING

7.1 General

Resolution 6 seeks Shareholder approval for the issue of up to a maximum of 35,000,000 Shares at $0.20 per Share (on a post-Consolidation basis) to raise up to $7,000,000 (**Capital Raising**). The minimum number of Shares that may be issued under the Capital Raising is 25,000,000 Shares at $0.20 to raise $5,000,000.

The Capital Raising will be undertaken via the issue of a prospectus (**Prospectus**) to assist the Company in complying with Chapters 1 and 2 of the ASX Listing Rules which is required to obtain re-instatement of its Shares to trading on the Official List of ASX on completion of the Acquisition.

The Capital Raising will be conditional on the following:

(a) Shareholders passing all of the Essential Resolutions;

(b) conditional approval being obtained from the ASX to reinstate the securities of the Company to trading on the ASX (after the Company recompiles with Chapters 1 and 2 of the ASX Listing Rules); and

(c) the Shares to be issued under the Capital Raising being issued contemporaneously with Settlement.

Further details of the Capital Raising will be set out in the Prospectus.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolution 6 will be to allow the Company to issue the Shares pursuant to the Capital Raising during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

7.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Capital Raising:

(a) the minimum number of Shares to be issued is 25,000,000 (on a post-Consolidation basis) and the maximum number of Shares to be issued is 35,000,000 (on a post-Consolidation basis);

(b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares will occur on the same day;

(c) the issue price will be $0.20 per Share;

(d) the Directors will determine to whom the Shares will be issued but these persons will not be related parties of the Company and will be subscribers under a prospectus to be issued by the Company;

(e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and

(f) the Company intends to use the funds raised from the Capital Raising for the purposes outlined in section 2.6.

8. RESOLUTIONS 7 TO 10 – ELECTION OF DIRECTORS

8.1 General

Clause 11.7 of the Constitution allows the Company to appoint at any time a person to be a Director by resolution passed in General Meeting.

In order for the Proposed Directors to be eligible for election, the Proposed Directors, or a Shareholder intending to propose their nomination, must leave at the Company's registered office at least 30 Business Days before the Meeting, a written notice from the Proposed Directors consenting to their nomination and signifying their candidature for the office, or a written notice from a Shareholder signifying their intention to nominate the Proposed Directors.

Pursuant to Resolutions 7, 8, 9 and 10, Ms Jacqueline Louez Schoorl, Ms Launa Inman, Ms Linda Jenkinson and Mr Brett Cottle seek election from Shareholders to be appointed upon completion of the Acquisition. Resolutions 7 to 10 are Essential Resolutions and are subject to the passing of all other Essential Resolutions.

The qualifications and experience of the Proposed Directors are set out in section 2.12.

The Board supports the election of Ms Jacqueline Louez Schoorl, Ms Launa Inman, Ms Linda Jenkinson and Mr Brett Cottle and recommends that Shareholders vote in favour of Resolutions 7 to 10.

9. RESOLUTION 11 – APPROVAL OF EMPLOYEE OPTION PLAN AND ISSUE OF OPTIONS UNDER EMPLOYEE OPTION PLAN

9.1 General

Resolution 11 seeks Shareholders approval for the adoption of the employee incentive scheme titled 'Employee Option Plan' (**Plan**) and for the issue of Options under the Plan, in accordance with ASX Listing Rule 7.2 (Exception 9(b)).

A summary of ASX Listing Rule 7.1 is set out in section 7.1.

ASX Listing Rule 7.2 (Exception 9(b)) sets out an exception to ASX Listing Rule 7.1 which provides that issues under an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the scheme as an exception to ASX Listing Rule 7.1.

If Resolution 11 is passed, the Company will be able to issue Options under the Plan to eligible employees over a period of 3 years from the date of approval without impacting on the Company's ability to issue up to 15% of its total ordinary securities without prior Shareholder approval in any 12 month period.

The objective of the Plan is to attract, motivate and retain key employees and it is considered by the Company that the adoption of the Plan and the future issue of Options under the Plan will provide selected employees with the opportunity to participate in the future growth of the Company.

Any issues of Options under the Plan to a Director, an associate of the Director, or a person whose relationship with the Company, Director or associate of the Director is, in ASX's opinion, such that approval should be obtained will require additional Shareholder approval under ASX Listing Rule 10.14 at the relevant time.

9.2 Previous issues

Shareholders should note that no Options have previously been issued under the Plan or any other employee incentive scheme.

9.3 Other employee incentive schemes

Other than the Plan, the Company does not operate any other employee incentive schemes.

9.4 Key terms and conditions of the Plan

A summary of the key terms and conditions of the Plan is set out in Schedule 3. In addition, a copy of the Plan is available for review by Shareholders at the registered office of the Company until the date of the Meeting. A copy of the Plan can also be sent to Shareholders upon request to the Company Secretary (+61 8 9435 3200. Shareholders are invited to contact the Company if they have any queries or concerns.

10. RESOLUTION 12 – CHANGE OF COMPANY NAME

Section 157(1)(a) of the Corporations Act provides that a company may change its name if the company passes a special resolution adopting a new name.

Resolution 12 seeks the approval of Shareholders for the Company to change its name to **"Jaxsta Ltd"**, subject to completion of the Acquisition.

If Resolution 12 is passed the change of name will take effect when ASIC alters the details of the Company's registration on or about at Settlement.

If Resolution 12 is passed, the Company will lodge a copy of the special resolution with ASIC on completion of the Acquisition in order to effect the change.

The Board proposes this change of name on the basis that it more accurately reflects the proposed future operations of the Company.

11. RESOLUTION 13 – REPLACEMENT OF CONSTITUTION

11.1 General

A company may modify or repeal its constitution or a provision of its constitution by special resolution of Shareholders.

Resolution 13 is a special resolution which will enable the Company to repeal its existing Constitution and adopt a new constitution (**Proposed Constitution**) which is of the type required for a listed public company limited by shares updated to ensure it reflects the current provisions of the Corporations Act and ASX Listing Rules.

This will incorporate amendments to the Corporations Act and ASX Listing Rules since the current Constitution was adopted in September 2010.

The Directors believe that it is preferable in the circumstances to replace the existing Constitution with the Proposed Constitution rather than to amend a multitude of specific provisions.

The Proposed Constitution is broadly consistent with the provisions of the existing Constitution. Many of the proposed changes are administrative or minor in nature including but not limited to:

(a) updating the name of the Company to that adopted in Resolution 12;

(b) updating references to bodies or legislation which have been renamed (e.g. references to the Australian Settlement and Transfer Corporation Pty Ltd, ASTC Settlement Rules and ASTC Transfer); and

(c) expressly providing for statutory rights by mirroring these rights in provisions of the Proposed Constitution.

The Directors believe these amendments are not material nor will they have any significant impact on Shareholders. It is not practicable to list all of the changes to the Constitution in detail in this Explanatory Statement, however, a summary of the proposed material changes is set out below.

A copy of the Proposed Constitution is available for review by Shareholders at the Company's website www.mobilarm.com and at the office of the Company. A copy of the Proposed Constitution can also be sent to Shareholders upon request to the Company Secretary (+61 9435 3200). Shareholders are invited to contact the Company if they have any queries or concerns.

11.2 Summary of material proposed changes

Minimum Shareholding (clause 3)

Clause 3 of the Constitution outlines how the Company can manage shareholdings which represent an "unmarketable parcel" of shares, being a shareholding that is less than $500 based on the closing price of the Company's Shares on ASX as at the relevant time.

The Proposed Constitution is in line with the requirements for dealing with "unmarketable parcels" outlined in the Corporations Act such that where the Company elects to undertake a sale of unmarketable parcels, the Company is only required to give one notice to holders of an unmarketable parcel to elect to retain their shareholding before the unmarketable parcel can be dealt with by the Company, saving time and administrative costs incurred by otherwise having to send out additional notices.

Clause 3 of the Proposed Constitution continues to outline in detail the process that the Company must follow for dealing with unmarketable parcels.

Fee for registration of off market transfers (clause 8.4(c))

On 24 January 2011, ASX amended ASX Listing Rule 8.14 with the effect that the Company may now charge a "reasonable fee" for registering paper-based transfers, sometimes referred to "off-market transfers".

Clause 8.4 of the Proposed Constitution is being made to enable the Company to charge a reasonable fee when it is required to register off-market transfers from Shareholders. The fee is intended to represent the cost incurred by the Company in upgrading its fraud detection practices specific to off-market transfers.

Before charging any fee, the Company is required to notify ASX of the fee to be charged and provide sufficient information to enable ASX to assess the reasonableness of the proposed amount.

Dividends (clause 22)

Section 254T of the Corporations Act was amended effective 28 June 2010.

There is now a three-tiered test that a company will need to satisfy before paying a dividend replacing the previous test that dividends may only be paid out of profits.

The amended requirements provide that a company must not a pay a dividend unless:

(a) the company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend;

(b) the payment of the dividend is fair and reasonable to the company's shareholders as a whole; and

(c) the payment of the dividend does not materially prejudice the company's ability to pay its creditors.

The existing Constitution reflects the former profits test and restricts the dividends to be paid only out of the profits of the Company. The Proposed Constitution is updated to reflect the new requirements of the Corporations Act. The Directors consider it appropriate to update the Constitution for this amendment to allow more flexibility in the payment of dividends in the future should the Company be in a position to pay dividends.

Partial (proportional) takeover provisions (new clause 36)

A proportional takeover bid is a takeover bid where the offer made to each shareholder is only for a proportion of that shareholder's shares.

Pursuant to section 648G of the Corporations Act, the Company has included in the Proposed Constitution a provision whereby a proportional takeover bid for Shares may only proceed after the bid has been approved by a meeting of Shareholders held in accordance with the terms set out in the Corporations Act.

This clause of the Proposed Constitution will cease to have effect on the third anniversary of the date of the adoption of last renewal of the clause.

Information required by section 648G of the Corporations Act

Effect of proposed proportional takeover provisions

Where offers have been made under a proportional off-market bid in respect of a class of securities in a company, the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under such a proportional off-market bid is prohibited unless and until a resolution to approve the proportional off-market bid is passed.

Reasons for proportional takeover provisions

A proportional takeover bid may result in control of the Company changing without Shareholders having the opportunity to dispose of all their Shares. By making a partial bid, a bidder can obtain practical control of the Company by acquiring less than a majority interest. Shareholders are exposed to the risk of being left as a minority in the Company and the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium. These amended provisions allow Shareholders to decide whether a proportional takeover bid is acceptable in principle and assist in ensuring that any partial bid is appropriately priced.

Knowledge of any acquisition proposals

As at the date of this Notice of Meeting, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company (other than as a result of the Acquisition).

Potential advantages and disadvantages of proportional takeover provisions

The Directors consider that the proportional takeover provisions have no potential advantages or disadvantages for them and that they remain free to make a recommendation on whether an offer under a proportional takeover bid should be accepted.

The potential advantages of the proportional takeover provisions for Shareholders include:

(a) the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;

(b) assisting in preventing Shareholders from being locked in as a minority;

(c) increasing the bargaining power of Shareholders which may assist in ensuring that any proportional takeover bid is adequately priced; and

(d) each individual Shareholder may better assess the likely outcome of the proportional takeover bid by knowing the view of the majority of Shareholders which may assist in deciding whether to accept or reject an offer under the takeover bid.

The potential disadvantages of the proportional takeover provisions for Shareholders include:

(a) proportional takeover bids may be discouraged;

(b) lost opportunity to sell a portion of their Shares at a premium; and

(c) the likelihood of a proportional takeover bid succeeding may be reduced.

Recommendation of the Board

The Directors do not believe the potential disadvantages outweigh the potential advantages of adopting the proportional takeover provisions and as a result consider that the proportional takeover provision in the Proposed Constitution is in the interest of Shareholders and unanimously recommend that Shareholders vote in favour of Resolution 13.

12. RESOLUTION 14 – NON-EXECUTIVE DIRECTORS' REMUNERATION

ASX Listing Rule 10.17 provides that an entity must not increase the total aggregate amount of directors' fees payable to all of its non-executive directors without the approval of holders of its ordinary securities.

Clause 11.15 of the Constitution also requires that remuneration payable to the non-executive Directors will not exceed the sum initially set by the Constitution and subsequently increase by ordinary resolution of Shareholders in general meeting.

The maximum aggregate amount of fees payable to all of the non-executive Directors is currently set at $200,000. Resolution 14 seeks Shareholder approval to increase this figure by $300,000 to $500,000.

This amount includes superannuation contributions made by the Company for the benefit of non-executive Directors and any fees which a non-executive Director agrees to sacrifice for other benefits. It does not include reimbursement of genuine out of pocket expenses, genuine "special exertion" fees paid in accordance with the Constitution, or securities issued to a non-executive Director under ASX Listing Rule 10.11 or 10.14 with approval of Shareholders.

The maximum aggregate amount of fees proposed to be paid to the non-executive Directors per annum has been determined after reviewing the needs of the Company moving forward, looking at similar companies listed on ASX and the Directors believe that the individual level of remuneration is in line with corporate remuneration of similar companies. The Company engaged a remuneration consultancy group to validate the fee levels for non-executive directors and chairperson. The Company was compared with companies with similar market capitalisation and assets, as well as companies in the Consumer, IT and Communications sector. The guidance is set out below:

	All Sectors		Consumer, IT & Communications	
	75th Percentile	Average	75th Percentile	Average
Chairperson	131,935	103,269	148,175	114,805
Director	84,000	69,274	89,352	72,255

At the current size of four directors, that could yield a fee requirement of $416,231 based on the 75% percentile rank or $331,570 based on the average.

Whilst it is not envisaged that the maximum amount sought will be utilised immediately, the proposed limit is requested to ensure that the Company:

(a) maintains its capacity to remunerate both existing and any new non-executive directors joining the Board;

(b) remunerates its non-executive Directors appropriately for the expectations placed upon them both by the Company and the regulatory environment in which it operates; and

(c) has the ability to attract and retain non-executive directors whose skills and qualifications are appropriate for a company of the size and nature of the Company.

In the past 3 years, the Company has not issued any non-executive Directors any securities under ASX Listing Rules 10.11 or 10.14.

Given the interest of the non-executive Directors in this Resolution, the Board makes no recommendation to Shareholders regarding this Resolution.

GLOSSARY

$ means Australian dollars.

Agreement has the meaning given at Section 2.1.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Capital Raising has the meaning given at Section 2.1.

Chair means the chair of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

(a) a spouse or child of the member;

(b) a child of the member's spouse;

(c) a dependent of the member or the member's spouse;

(d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;

(e) a company the member controls; or

(f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company or **MBO** means Mobilarm Limited (ACN 106 513 580).

Consideration Shares means up to 115,420,126 Shares (on a post-Consolidation basis) to be issued to the Jaxsta Shareholders at Settlement.

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Data Access Agreement means the long form data access agreements that have previously or are to be entered into between Jaxsta and certain major labels for the provision of data.

Data Provider means any counter party to any Data Access Agreements with Jaxsta.

Directors means the current directors of the Company.

Elderton Capital Limited means Elderton Capital Limited (ABN 22 137 309 892) Australian Financial Services Licence 342143.

Eligible Shareholders means a registered holder of a Share on completion of the Placement prior to the Capital Raising.

Essential Resolutions means all Resolutions (except Resolution 1) set out in this Notice.

Explanatory Statement means the explanatory statement accompanying the Notice.

General Meeting or **Meeting** means the meeting convened by the Notice.

Jaxsta means Jaxsta Holdings Pty Ltd (ACN 616 572 144).

Jaxsta Share means a fully paid ordinary share in the capital of Jaxsta.

Jaxsta Shareholder means a registered holder of a Jaxsta Share.

Jaxsta Warrant Holder means the holder of the Jaxsta Warrants.

Jaxsta Warrants means a total of 120,000 warrants issued by Jaxsta, exercisable over 120,000 Jaxsta Shares at an exercise price of US$0.01 per Jaxsta Share.

Jaxsta Warrant Shares means the 408,000 Shares to be issued to the Jaxsta Warrant Holder in consideration for their Jaxsta Warrants, pursuant to the SPA.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Maximum Subscription means the issue of 35,000,000 Shares at $0.20 per Share to raise up to $7,000,000 pursuant to the Capital Raising.

Minimum Subscription means the issue of 25,00,000 Shares at $0.20 per Share to raise at least $5,000,000 pursuant to the Capital Raising.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share.

Plan means the Employee Option Plan the subject of Resolution 11 and as summarised in Schedule 3.

Proposed Directors means Jacqueline Louez Schoorl, Launa Inman, Linda Jenkinson and Brett Cottle.

Proxy Form means the proxy form accompanying the Notice.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Section means a section of the Explanatory Statement.

Settlement means settlement of the Acquisition in accordance with the terms of the Acquisition Agreement.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

Shareholder Loan Amount means the amount of $300,000 in aggregate provided by the Founder Vendors to Jaxsta.

Shareholder Loan Repayment Shares means 2,000,000 Shares to be issued to the Founder Vendors in full and final satisfaction of the Shareholder Loan Amount, pursuant to the SPA.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – MATERIAL TERMS OF ACQUISITION AGREEMENT

The key terms of the Acquisition Agreement to effect the acquisition of 100% of the issued capital of Jaxsta that the Company does not already hold (**Acquisition**) are as follows:

(a) **Conditions Precedent**: Conditions to SPA completion include:

(i) receipt by Mobilarm of all Jaxsta 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) and completion of the Consolidation;

(ii) Mobilarm having completed a minimum $5 million capital raising at a price of at least $0.20 per Mobilarm Share (**Capital Raising**);

(iii) conversion of all existing convertible notes in Mobilarm at a conversion price of $0.0125 per note if that conversion occurs before completion of the Consolidation;

(iv) 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;

(v) 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;

(vi) 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;

(vii) Mobilarm shareholders having approved the change of Mobilarm's name to Jaxsta Ltd (or such other name as is agreed), subject to completion occurring;

(viii) Jaxsta employees holding share options agreeing to sell, cancel or otherwise despise of those share options (on terms reasonably acceptable to the Company) in consideration for new share options under a comparable employee incentive plan of the Company;

(ix) 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

(x) all Jaxsta Shareholders agreeing to any escrow provisions required by ASX and any underwriter or lead manager for the Capital Raising.

(together, the **Conditions Precedent**).

Mobilarm and Jaxtsa’s majority shareholders may agree to waive sub-clauses (ii) to (iv) and (vii) to i(x) by notice to the other parties. Sub-clauses (i), (v), (vi) and (x) cannot be waived. 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 31 December 2018 (or any later date agreed by the Company and Ms Jacqueline Louez Schoorl).

(b) **Consideration**: Subject to satisfaction or waiver of conditions precedent to the Acquisition (summarised above), as consideration for the Acquisition of all of Jaxsta's securities not currently held by the Company, the Company has agreed to issue upon completion of the Acquisition:

(i) an aggregate of up to 115,420,126 fully paid ordinary shares (**Shares**) in the capital of the Company (**Consideration Shares**) (which is based on the round 1 and round 2 pre-completion capital raisings to be conducted by Jaxsta) to Jaxsta's existing shareholders, on a post-consolidation, in the proportions set out in the Acquisition Agreement; and

(ii) the Jaxsta Warrant Holder will sell all of its Jaxsta warrants as set out in the Acquisition Agreement free from all encumbrances and the Company will buy the Jaxsta warrants in consideration for 408,000 Shares.

(c) **Shareholder Loan**: At Settlement, Mobilarm agrees to issue the Founder Vendors the Shareholder Loan Repayment Shares in full and final satisfaction of the Shareholder Loan Amount.

(d) **Board composition**: 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) and Launa Inman will be appointed Non-Executive Chairperson, Linda Jenkinson as a Non-Executive Director and Brett Cottle as a Non-Executive Director. Jorge Nigaglioni will remain as a director until the new directors are in their positions at which point he will resign from the board and David McArthur will step down as company secretary as Sydney based Company Matters will step into the company secretary position.

(e) **Change of name**: Following successful completion of the Acquisition, the Company proposes to change its name to "Jaxsta Ltd".

The agreement otherwise contains terms and conditions which are typical for an agreement of its nature.

SCHEDULE 2 – PRO-FORMA FINANCIAL STATEMENTS

	Consolidated 31 December 2017 $	Sale of MRT	Acquisition of Jaxsta	Proforma (Minimum)	Proforma (Maximum)
CURRENT ASSETS					
Cash and cash equivalents	381,532	643,394	6,654,675	7,679,600	9,559,600
Trade and other receivables	779,313	(1,277,656)	18,007	(480,336)	(480,336)
Inventories	1,897,252	(1,897,252)	-	-	-
Other current assets	1,539,250	(82,201)	(1,461,282)	(4,233)	(4,233)
TOTAL CURRENT ASSETS	**4,597,347**	**(2,613,716)**	**5,211,402**	**7,195,033**	**9,075,033**
NON-CURRENT ASSETS					
Plant and equipment	776,643	(776,643)	478,401	478,401	478,401
Intangible assets and goodwill	2,334,958	(410,141)	27,541,279	29,466,096	29,466,096
Deferred compensation	-	5,000,000	-	5,000,000	5,000,000
Investment in other businesses	1,500,000	-	(1,500,000)	-	-
TOTAL NON-CURRENT ASSETS	**4,611,601**	**3,813,216**	**26,519,680**	**34,944,497**	**34,944,497**
TOTAL ASSETS	**9,208,948**	**1,199,500**	**31,731,081**	**42,139,530**	**44,019,530**
CURRENT LIABILITIES					
Trade and other payables	1,282,062	(987,407)	292,214	586,869	586,869
Interest bearing loans and borrowings	3,907,703	-	(3,847,945)	59,758	59,758
Provisions	93,128	(59,661)	66,533	100,000	100,000
TOTAL CURRENT LIABILITIES	**5,282,893**	**(1,047,067)**	**(3,489,199)**	**746,627**	**746,627**
NON-CURRENT LIABILITIES					
Provisions	53,212	(18,380)	(34,832)	-	-
Interest bearing loans and borrowings	-	-	480,680	480,680	480,680
TOTAL NON-CURRENT LIABILITIES	**53,212**	**(18,380)**	**445,848**	**480,680**	**480,680**
TOTAL LIABILITIES	**5,336,105**	**(1,065,447)**	**(3,043,351)**	**1,227,307**	**1,227,307**
NET ASSETS	**3,872,843**	**2,264,947**	**34,774,433**	**40,912,223**	**42,792,223**
EQUITY					
Contributed equity	30,601,809	5,998,272	38,138,043	74,738,124	76,618,124
Accumulated losses	(28,385,380)	(4,219,649)	(3,363,611)	(35,968,640)	(35,968,640)
Reserves	1,656,414	486,325	-	2,142,739	2,142,739
TOTAL EQUITY	**3,872,843**	**2,264,948**	**34,774,433**	**40,912,223**	**42,792,223**

STATEMENT OF COMPREHENSIVE INCOME	Consolidated	Sale of MRT	Acquisition of Jaxsta	Proforma
	31 December 2017			
	$			
Sale of goods	1,378,732	(1,378,732)	0	0
Portion of rentals recognised as revenue	663,897	(663,897)	0	0
	2,042,629	**(2,042,629)**	**0**	**0**
Cost of units sold	430,549	(430,549)	0	0
Depreciation of units under rental	117,995	(117,995)	0	0
	548,544	**(548,544)**	**0**	**0**
Interest income	535	(535)	-	-
Grant income	0	0	583,652	583,652
	535	(535)	583,652	583,652
Operating Expenses	2,139,309	(2,139,309)	1,494,147	1,494,147
Profit/(Loss) before income tax	(644,689)	644,689	(910,495)	(910,495)
Income tax expense/(benefit)	-	-	-	-
Loss from operations after income tax	**(644,689)**	**644,689**	**(910,495)**	**(910,495)**
Other comprehensive income				
Foreign currency translation reserve movement	49,679	(49,679)	0	0
Total comprehensive loss for the period	**(595,010)**	**595,010**	**(910,495)**	**(910,495)**

SCHEDULE 3 – SUMMARY OF TERMS AND CONDITIONS OF EMPLOYEE OPTION PLAN

(a) **Eligibility**: Participants in the Plan may be:

(i) a Director (whether executive or non-executive) of the Company, its subsidiaries and any other related body corporate of the Company (**Group Company**);

(ii) a full or part time employee of any Group Company;

(iii) a casual employee or contractor of a Group Company to the extent permitted by ASIC Class Order 14/1000 (or any amendment to or replacement of that Class Order) (**Class Order**)**; or**

(iv) a prospective participant, being a person to whom the offer is made but who can only accept the offer if an arrangement has been entered into that will result in the person becoming a Participant under clauses (i), (ii) or (iii) above,

who is declared by the Board to be eligible to receive grants of Options under the Plan (**Participants**).

(b) **Offer:** The Board may, from time to time, in its absolute discretion, make a written offer to any Participant (including a Participant who has previously received an offer) to apply for up to a specified number of Options, upon the terms set out in the Plan and upon such additional terms and conditions as the Board determines.

(c) **Plan limit:** The Company must have reasonable grounds to believe, when making an offer, that the number of Shares to be received on exercise of Options offered under an offer, when aggregated with the number of Shares issued or that may be issued as a result of offers made in reliance on the Class Order at any time during the previous 3 year period under an employee incentive scheme covered by the Class Order or an ASIC exempt arrangement of a similar kind to an employee incentive scheme, will not exceed 5% of the total number of Shares on issue at the date of the offer.

(d) **Issue price:** unless the Options are quoted on the ASX, Options issued under the Plan will be issued for no more than nominal cash consideration.

(e) **Vesting Conditions:** An Option may be made subject to vesting conditions as determined by the Board in its discretion and as specified in the offer for the Option.

(f) **Vesting**: The Board may in its absolute discretion (except in respect of a Change of Control occurring where Vesting Conditions are deemed to be automatically waived) by written notice to a Participant, resolve to waive any of the Vesting Conditions applying to Options due to

(i) the Participant ceasing to be a Participant due to death or total and permanent disability; or

(ii) a Change of Control (defined below) occurring; or

(iii) the Company passing a resolution for voluntary winding up, or an order is made for the compulsory winding up of the Company.

(g) **Lapse of an Option**: An Option will lapse upon the earlier to occur of:

(i) an unauthorised dealing in the Option;

(ii) a Vesting Condition in relation to the Option is not satisfied by its due date, or becomes incapable of satisfaction, unless the Board exercises its discretion to vest the Option (eg due to death, total and permanent disability);

(iii) in respect of unvested Option only, a Participant ceases to be a Participant, unless the Board exercises its discretion to vest the Right (eg due to death, total and permanent disability) or allow the unvested Options to remain unvested after the relevant person ceases to be a Participant;

(iv) in respect of vested Options only, a relevant person ceases to be a Participant and the Option granted in respect of that person is not exercised within one (1) month (or such later date as the Board determines) of the date that person ceases to be a Participant;

(v) the Board deems that an Option lapses due to fraud, dishonesty or other improper behaviour of the Participant;

(vi) the Company undergoes a change in control or winding up, and the Board does not exercise its discretion to vest the Option;

(vii) the expiry date of the Option; and

(viii) the 7 year anniversary of the date of grant of the Option.

(h) **Not transferrable**: Options are only transferrable with the prior written consent of the Board (which may be withheld in its absolute discretion) or by force of law upon death to the participant's legal personal representative or upon bankruptcy to the participant's trustee in bankruptcy.

(i) **Shares**: Shares resulting from the exercise of the Options shall, subject to any Sale Restrictions (refer below) from the date of issue, rank on equal terms with all other Shares on issue.

(j) **Quotation of Shares**: If Shares of the same class as those issued upon exercise of Options issued under the Plan are quoted on the ASX, the Company will, subject to the ASX Listing Rules, apply to the ASX for those Shares to be quoted on ASX within 10 business days of the later of the date the Shares are issued and the date any restriction period applying to the disposal of Shares ends.

(k) **Share Sale Restrictions**: The Board may, in its discretion, determine at any time up until exercise of Options, that a restriction period will apply to some or all of the Shares issued to a Participant (or their eligible nominee) on exercise of those Options up to a maximum of seven (7) years from the grant date of the Options.

(l) **No Participation Rights**: There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options.

(m) **Reorganisation**: If, at any time, the issued capital of the Company is reorganised (including consolidation, subdivision, reduction or return), all rights of a holder of a Option are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.

(n) **Amendments**: Subject to express restrictions set out in the Plan and complying with the Corporations Act, ASX Listing Rules and any other applicable law, the Board may at any time by resolution amend or add to all or any of the provisions of the Plan, or the terms or conditions of any Option granted under the Plan including giving any amendment retrospective effect.

Definitions: Capitalised terms used in the above summary are as defined in the Plan, including:

Change of Control means:

- a bona fide Takeover Bid is declared unconditional and the bidder has acquired a Relevant Interest in at least 50.1% of the Company's issued Shares;

- a court approves, under section 411(4)(b) of the Corporations Act, a proposed compromise or arrangement for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with any other company or companies; or

- in any other case, a person obtains Voting Power in the Company which the Board (which for the avoidance of doubt will comprise those Directors immediately prior to the person acquiring that Voting Power) determines, acting in good faith and in accordance with their fiduciary duties, is sufficient to control the composition of the Board.

SCHEDULE 4 – TERMS AND CONDITIONS OF CEO OPTIONS

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each Option will be A$0.20 (**Exercise Price**)

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) five years from the date of issue (**Expiry Date**). An Option not exercised after Vesting and before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Vesting**

The Options will vest as follows:

(i) 500,000 tranches will vest for each A$0.10 increase in the Company's Share price (measured on a VWAP basis so that each increment increase has to exist for at least 30 consecutive ASX trading days) from A$0.20;

(ii) in the event of a takeover, change of control or sale of the business all of the Options will immediately vest and be exercisable provided that the Company's Share price is a minimum of A$1.10;

(iii) any unexercised Options will expire 5 years from the date of issue; and

(iv) the Board will retain the right to amend or waive any of the vesting conditions at its own discretion,

(e) **Exercise Period**

The Options are exercisable at any time from the date of Vesting in accordance with sub-paragraph (d) up until the Expiry Date (**Exercise Period**).

(f) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(g) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(h) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

(i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;

(ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

(iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (h)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(i) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(j) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(k) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(l) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(m) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

SCHEDULE 5 – JAXSTA FINANCIAL STATEMENTS

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

Contents

For the Period Ended 30 June 2016

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 this ....7th................ day of ....December.................... 2017

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PA AUDIT PTY LTD
CHARTERED ACCOUNTANTS AND BUSINESS ADVISORS

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

PA AUDIT PTY LTD

KATHAL SPENCE
DIRECTOR

Fremantle, WA 6160
7 December 2017

An Independent Western Australian Company ABN: 64 163 658 571 Registered Audit Company Number 440165
Liability Limited by a scheme approved under Professional Standards Legislation

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		170,056
NON-CURRENT ASSETS		
Property, plant and equipment	7	231,754
Intangible assets	8	4,107,242
TOTAL NON-CURRENT ASSETS		4,338,996
TOTAL ASSETS		4,509,052
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	10	88,038
TOTAL CURRENT LIABILITIES		88,038
Borrowings		1,069,990
TOTAL NON-CURRENT LIABILITIES		1,069,990
TOTAL LIABILITIES		1,158,028
NET ASSETS		3,351,024
EQUITY		
Issued capital	11	3,500,002
Retained Earning		(148,978)
TOTAL EQUITY		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 2016

2016

	Note	Ordinary Shares $	Retained Earnings $	Total $
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		(334,863)
Net cash provided by/(used in) operating activities	16	(334,225)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment		(21,737)
Net cash provided by/(used in) investing activities		(21,737)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issue of shares		500,010
Net cash provided by/(used in) financing activities		500,010
Net increase/(decrease) in cash and cash equivalents held		144,048
Cash and cash equivalents at end of the period	5	144,048

The accompanying notes form part of these financial statements.

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 entiy 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.

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.

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;

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.

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

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.

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.

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 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	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. 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.	This Interpretation is not expected to significantly impact the Company's financial statements.
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. 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.	This Interpretation is not expected to significantly impact the Company's financial statements.

2 Summary of Significant Accounting Policies

(m) New Accounting Standards and Interpretations

Standard Name	Effective date for Group	Requirements	Impact
AASB 9 Financial Instruments 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	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. 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	This Interpretation is not expected to significantly impact the Company's financial statements.

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.)		•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: •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.

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
	638

5 Cash and Cash Equivalents

	2016
	$
Cash at bank and in hand	144,048
	144,048

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	144,048

6 Trade and Other Receivables

	2016
	$
CURRENT	
Trade receivables	500
GST receivable	14,642
Total current trade and other receivables	15,142

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.

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

9 Other Assets

	2016
	$
CURRENT	
Prepayments	2,533
Other asset	8,333
	10,866

10 Trade and Other Payables

	2016
	$
Current	
Trade payables	12,789
Other payables	75,249
	88,038

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	3,500,002

(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	27,000,000

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.

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
	212,000

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.

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 & euipment	(297,190)
- increase/(decrease) in trade and other payables	88,038
Cashflows from operations	(334,217)

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 this ....7........... day of ....December................... 2017

PA AUDIT PTY LTD
CHARTERED ACCOUNTANTS AND BUSINESS ADVISORS

91 High Street Fremantle WA 6160
PO Box 1220 Fremantle WA 6959
Telephone: +61 8 9430 6333
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Email: manager@dfkpa.com.au

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.

An Independent Western Australian Company ABN: 64 163 658 571 Registered Audit Company Number 440165
Liability Limited by a scheme approved under Professional Standards Legislation

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 Year Ended 30 June 2017

Jaxsta Holdings Pty Ltd

ACN : 612 656 372

Contents

For the Year Ended 30 June 2017

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 this ....7th................ day of ....December.................... 2017

PA AUDIT PTY LTD
CHARTERED ACCOUNTANTS AND BUSINESS ADVISORS

91 High Street Fremantle WA 6160
PO Box 1220 Fremantle WA 6959
Telephone: +61 8 9430 6333
Facsimile: +61 8 9430 6222
Email: manager@dfkpa.com.au

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

PA AUDIT PTY LTD

KATHAL SPENCE
DIRECTOR

Fremantle, WA 6160
7 December 2017

An Independent Western Australian Company ABN: 64 163 658 571 Registered Audit Company Number 440165
Liability Limited by a scheme approved under Professional Standards Legislation

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)

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

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.

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	**(2,060,610)**	(334,217)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		**(498,895)**	(21,737)
Net cash provided by/(used in) investing activities		**(498,895)**	(21,737)
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		**2,424,455**	500,002
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	**8,998**	144,048

The accompanying notes form part of these financial statements.

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 entiy 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

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.

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

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.

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.

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.

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.

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 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	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. 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.	This Interpretation is not expected to significantly impact the Company's financial statements.
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. 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.	This Interpretation is not expected to significantly impact the Company's financial statements.

2 Summary of Significant Accounting Policies

(m) New Accounting Standards and Interpretations

Standard Name	Effective date for Group	Requirements	Impact
AASB 9 Financial Instruments 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	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. 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	This Interpretation is not expected to significantly impact the Company's financial statements.

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.)		•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: •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.

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
	427,589	638

5 Cash and Cash Equivalents

	2017	2016
	$	$
Cash at bank and in hand	**8,998**	144,048
	8,998	144,048

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	**8,998**	144,048

6 Trade and Other Receivables

	2017	2016
	$	$
CURRENT		
Trade receivables	-	500
GST receivable	**21,794**	14,642
Total current trade and other receivables	**21,794**	15,142

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.

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

9 Other Assets

	2017 $	2016 $
CURRENT		
Prepayments	**5,618**	2,533
Other asset	**26,400**	8,333
	32,018	10,866

10 Trade and Other Payables

	2017 $	2016 $
Current		
Trade payables	**232,240**	12,789
Other payables	**332,227**	75,249
	564,467	88,038

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		**5,499,602**	3,500,002

(a) Ordinary shares

	2017 No.	2016 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	**27,000,000**	19,000,000

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.

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
	110,000	212,000

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.

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	(2,060,610)	(334,217)

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 this ....7.......... day of ....December.................. 2017

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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.

An Independent Western Australian Company ABN: 64 163 658 571 Registered Audit Company Number 440165
Liability Limited by a scheme approved under Professional Standards Legislation

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

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Jaxsta Holdings Pty Ltd

ACN : 612 656 372

Interim Financial Statements

For the Period Ended 31 December 2017

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Jaxsta Holdings Pty Ltd

ACN : 612 656 372

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For the Period Ended 31 December 2017

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Jaxsta Holdings Pty Ltd

ACN : 612 656 372

Directors' Report

For the Period Ended 31 December 2017

The directors present their report, together with the interim financial statements of the Group, being the Company and its controlled entities, for the financial period ended 31 December 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

Louis Schoorl

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 period

Operating results

The consolidated loss of the Group amounted to $ (910,495) (2016: $ 872,545).

Review of operations

During the period the Group remained focused to expand its ongoing business operations.

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

Except for the matters referred in Note 17 to the financial statements, there are 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.

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.

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Directors' Report

For the Period Ended 31 December 2017

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the period ended 31 December 2017 has been received and can be found on page 3 of the interim financial report.

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

DocuSigned by:

Jacqui Louez Schoorl

B3338E888CA644C...

Director: ....
Jacqueline Samantha Louez Schoorl

Dated this ....12............ day of ....April.................. 2018

PA AUDIT PTY LTD

CHARTERED ACCOUNTANTS AND BUSINESS ADVISORS

91 High Street Fremantle WA 6160
PO Box 1220 Fremantle WA 6959
Telephone: +61 8 9430 6333
Facsimile: +61 8 9430 6222
Email: manager@dfkpa.com.au
Web: www.dfkpa.com.au

AUDITOR'S INDEPENDENCE DECLARATION

UNDER SECTION 307C OF THE *CORPORATIONS ACT 2001*

TO THE DIRECTORS OF JAXSTA HOLDINGS PTY LTD AND ITS CONTROLLED ENTITIES

I declare that, to the best of my knowledge and belief, during the period ended 31 December 2017 there have been no contraventions of:

(i) the auditor independence requirements as set out in the *Corporations Act 2001*; and

(ii) any applicable code of professional conduct.

PA Audit Pty Ltd

PA AUDIT PTY LTD

KATHAL SPENCE
DIRECTOR

Fremantle, WA

12 April 2018

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An Independent Western Australian Company ABN: 64 163 658 571 Registered Audit Company Number 440165
Liability Limited By a Scheme Approved Under Professional Standards Legislation

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Period Ended 31 December 2017

	Note	31 December 2017 $	Unaudited 31 December 2016 $
Other Income	4	**583,652**	427,341
Employee Costs		**(849,650)**	(558,972)
Depreciation and Amortisation		**(43,966)**	-
Other expenses		**(598,263)**	(740,914)
Finance costs		**(2,268)**	-
Loss before income tax		**(910,495)**	(872,545)
Income tax expense		**-**	-
Loss from continuing operations		**(910,495)**	(872,545)
Other comprehensive income, net of income tax			
Other comprehensive Income		**-**	-
Total comprehensive income for the period		**(910,495)**	(872,545)

The accompanying notes form part of these financial statements.

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Jaxsta Holdings Pty Ltd

ACN : 612 656 372

Consolidated Statement of Financial Position

As At 31 December 2017

	Note	31 December 2017 $	30 June 2017 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	**3,663**	8,998
Trade and other receivables	6	**18,007**	21,794
Other assets	7	**38,718**	32,018
TOTAL CURRENT ASSETS		**60,388**	62,810
NON-CURRENT ASSETS			
Property, plant and equipment	8	**478,401**	501,101
Intangible assets	9	**4,235,515**	4,248,839
TOTAL NON-CURRENT ASSETS		**4,713,916**	4,749,940
TOTAL ASSETS		**4,774,304**	4,812,750
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	**586,869**	634,374
Borrowings	11	**1,459,758**	-
Advances received		**100,000**	-
TOTAL CURRENT LIABILITIES		**2,146,627**	634,374
NON-CURRENT LIABILITIES			
Borrowings	11	**580,680**	1,494,845
TOTAL NON-CURRENT LIABILITIES		**580,680**	1,494,845
TOTAL LIABILITIES		**2,727,307**	2,129,219
NET ASSETS		**2,046,997**	2,683,531
EQUITY			
Issued capital	12	**5,773,563**	5,499,602
Retained earnings		**(3,726,566)**	(2,816,071)
TOTAL EQUITY		**2,046,997**	2,683,531

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 31 December 2017

	Note	Ordinary Shares $	Retained Earnings $	Total $
Balance at 1 July 2017	12	**5,499,602**	**(2,816,071)**	**2,683,531**
Shares issued during the period	12	**273,961**	**-**	**273,961**
Loss attributable to members		**-**	**(910,495)**	**(910,495)**
Balance at 31 December 2017		**5,773,563**	**(3,726,566)**	**2,046,997**

	Note	Ordinary Shares $	Retained Earnings $	Total $
Balance at 1 July 2016	12	3,500,002	(148,978)	3,351,024
Shares issued during the period		650,000	-	650,000
Loss attributable to members		-	(872,545)	(872,545)
Balance at 31 December 2016		4,150,002	(1,021,523)	3,128,479

The accompanying notes form part of these financial statements.

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Jaxsta Holdings Pty Ltd

ACN : 612 656 372

Consolidated Statement of Cash Flows

For the Period Ended 31 December 2017

	Note	31 December 2017 $	Unaudited 31 December 2016 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipt from Grants		**598,716**	638
Payments to suppliers and employees		**(1,489,604)**	(436,673)
Interest received		**30**	-
Finance costs paid		**(2,268)**	-
Net cash provided by/(used in) operating activities	16	**(893,126)**	(436,035)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		**(7,800)**	(21,737)
Net cash provided used in investing activities		**(7,800)**	(21,737)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issue of shares		**250,000**	500,010
Proceeds from borrowings		**545,593**	-
Funds received in advance		**100,000**	-
Net cash provided by/(used in) financing activities		**895,593**	500,010
Net increase/(decrease) in cash and cash equivalents held		**(5,333)**	42,238
Cash and cash equivalents at beginning of period		**8,996**	144,027
Cash and cash equivalents at end of the period	5	**3,663**	186,265

The accompanying notes form part of these financial statements.

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

The interim 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.

Comparatives are consistent with prior years, unless otherwise stated.

The financial report was authorised for issue on 12 April 2018 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 requirements of the members of the Company.

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*.

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

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

2 Summary of Significant Accounting Policies

(a) Basis for consolidation

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

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

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

A list of controlled entities is contained in Note 14 to the financial statements.

Subsidiaries

Subsidiaries are all entities (including structured entity) 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.

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2 Summary of Significant Accounting Policies

(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 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. No deferred tax is recognised in the current period as the management is not able to assess with reasonable certainty that there will be adequate future taxable profits to offset the carried forward taxable losses.

(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.

2 Summary of Significant Accounting Policies

(d) Revenue and other income

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.

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 revaluation model.

Depreciation

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

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

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2 Summary of Significant Accounting Policies

(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
- 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

2 Summary of Significant Accounting Policies

(h) Financial instruments

- 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.

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.

The investment in [enter investment name] is reported at cost less any impairment charges, as its fair value cannot currently be reliably estimated.

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.

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2 Summary of Significant Accounting Policies

(h) Financial instruments

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.

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) 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.

2 Summary of Significant Accounting Policies

(j) 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.

(k) 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.

(l) New Accounting Standards and Interpretations

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

Standard Name	Effective date for entity	Standard's Name
AASB 15	1 January 2018	Revenue from Contracts with customers
AASB 16	1 January 2018	Leases
Interpretation 22	1 January 2018	Foreign Currency Transactions and Advance Consideration

3 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these interim 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.

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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

	31 December 2017 $	Unaudited 31 December 2016 $
Other Income		
- Other income	**583,622**	427,273
- Interest income	**30**	68
	583,652	427,341

5 Cash and Cash Equivalents

	31 December 2017 $	30 June 2017 $
Cash at bank and in hand	**3,663**	8,998
	3,663	8,998

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:

	31 December 2017 $	30 June 2017 $
Cash and cash equivalents	**3,663**	8,998
Balance as per consolidated statement of cash flows	**3,663**	8,998

6 Trade and Other Receivables

	31 December 2017 $	30 June 2017 $
CURRENT		
GST receivable	**18,007**	21,794
Total current trade and other receivables	**18,007**	21,794

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

Jaxsta Holdings Pty Ltd

ACN : 612 656 372

Notes to the Consolidated Financial Statements

For the Period Ended 31 December 2017

6 Trade and Other Receivables

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

7 Other Assets

	31 December 2017 $	30 June 2017 $
CURRENT		
Prepayments	**12,318**	5,618
Other asset	**26,400**	26,400
	38,718	32,018

8 Property, plant and equipment

	31 December 2017 $	30 June 2017 $
PLANT AND EQUIPMENT		
Office equipment		
At cost	**36,692**	36,371
Accumulated depreciation	**(30,642)**	-
Total office equipment	**6,050**	36,371
Computer equipment		
At cost	**107,092**	103,371
Accumulated depreciation	**(99,254)**	(99,254)
Total computer equipment	**7,838**	4,117
Computer software		
At cost	**151,408**	147,508
Total computer software	**151,408**	147,508
Leasehold Improvements		
At cost	**313,105**	313,105
Total plant and equipment	**478,401**	501,101
Total property, plant and equipment	**478,401**	501,101

Notes to the Consolidated Financial Statements

For the Period Ended 31 December 2017

9 Intangible Assets

	31 December 2017 $	30 June 2017 $
Goodwill		
Cost	**4,025,914**	4,025,914
Net carrying value	**4,025,914**	4,025,914
Patent and Trade Mark		
Cost	**128,285**	128,285
Net carrying value	**128,285**	128,285
Company formation cost		
Cost	**133,239**	133,239
Accumulated amortisation and impairment	**(51,923)**	(38,599)
Net carrying value	**81,316**	94,640
Total Intangibles	**4,235,515**	4,248,839

10 Trade and Other Payables

	31 December 2017 $	30 June 2017 $
Current		
Trade payables	**347,873**	232,240
Payable to ATO	**152,595**	69,909
Other payables	**86,402**	332,225
	586,870	634,374

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 Borrowings

	Note	31 December 2017 $	30 June 2017 $
CURRENT			
Unsecured liabilities:			
Convertible notes	(a)	**1,400,000**	-
Other loans		**59,758**	-
Total current borrowings		**1,459,758**	-

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11 Borrowings

	31 December 2017 $	30 June 2017 $
NON-CURRENT		
Unsecured liabilities:		
Borrowings - Related party	**580,680**	1,494,845
Total non-current borrowings	**580,680**	1,494,845
Total borrowings	**2,040,438**	1,494,845

(a) Terms of Convertible Notes

Convertible notes A and B are non-interest bearing and are convertible at 2 shares for each principal dollar amount outstanding. 7% interest per annum is payable in the event of default. Loan is due for repayment or convesion into ordinary shares by 11 May 2018.

12 Issued Capital

	31 December 2017 $	30 June 2017 $
27,260,978 (2017: 27,000,000) Ordinary shares	**5,773,563**	5,499,602

Ordinary shares

	31 December 2017 No.	30 June 2017 No.
At the beginning of the reporting period	**27,000,000**	19,000,000
Shares issued during the period	**260,978**	8,000,000
At the end of the reporting period	**27,260,978**	27,000,000

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.

13 Capital and Leasing Commitments

Operating Leases

Operating leases are in place for property leased [enter type of assets] and normally have a term between 1 and 2 years. Lease payments are increased on an annual basis to reflect market rentals.

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14 Interests in Subsidiaries

Composition of the Group

	Principal place of business / Country of Incorporation	Percentage Owned (%)* 31 December 2017	Percentage Owned (%)* 30 June 2017
Subsidiaries:			
Jaxsta Enterprise Pty Ltd	Australia	**100**	100
Jaxsta Inc	United States of America	**100**	100

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

15 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 31 December 2017 (30 June 2017:None).

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:

	31 December 2017 $	Unaudited 31 December 2016 $
Loss for the period	**(910,495)**	(872,545)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in loss:		
- depreciation	**43,966**	-
- other non-cash adjustment	**17,492**	-
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	**21,794**	(21,018)
- (increase)/decrease in other assets	**(6,700)**	(19,245)
- increase/(decrease) in trade and other payables	**(59,183)**	476,773
Cashflows from operations	**(893,126)**	(436,035)

17 Events after the end of the Reporting Period

Company obatined a further loan of $100,000 from a related entity.

A Heads of Agreement has been entered into for the sale of existing oridnary shares of the Company.

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

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18 Statutory Information

The registered office of the company is:
Jaxsta Holdings Pty Ltd
Level 2, 1 York Street
SYDNEY NSW 2000

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

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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 interim financial report should be prepared in accordance with the accounting policies described in Note 2 to the interim financial statements.

The directors of the Company declare that:

1. The interim financial statements and notes, as set out on pages 4 to 20, 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 31 December 2017 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 2 to the interim 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.

DocuSigned by:
Jacqui Louez Schoorl
B3338E888CA644C...

Director ....
Jacqueline Samantha Louez Schoorl

Dated 12 April 2018

PA AUDIT PTY LTD
CHARTERED ACCOUNTANTS AND BUSINESS ADVISORS

91 High Street Fremantle WA 6160
PO Box 1220 Fremantle WA 6959
Telephone: +61 8 9430 6333
Facsimile: +61 8 9430 6222
Email: manager@dfkpa.com.au
Web: www.dfkpa.com.au

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JAXSTA HOLDINGS PTY LTD ACN: 612 656 372

Opinion

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

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

- giving a true and fair view of the Group's financial position as at 31 December 2017 and of its performance for the period then ended; and

- 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.

An Independent Western Australian Company ABN: 64 163 658 571 Registered Audit Company Number 440165
Liability Limited By a Scheme Approved Under Professional Standards Legislation

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
JAXSTA HOLDINGS PTY LTD
ACN: 612 656 372

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 the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view 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 is 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 Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors;

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and

- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors, regarding among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PA Audit Pty Ltd

PA AUDIT PTY LTD

KATHAL SPENCE
DIRECTOR
Fremantle, Western Australia

12 April 2018

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MOBILARM LIMITED

Independent Expert's Report and Financial Services Guide

July 2018

Elderton Capital Pty Ltd Pty Ltd ACN 22 137 309 892
Financial Services Guide

About us
Elderton Capital Pty Ltd (**Elderton Capital** or **we** or **us** or **our**) (Australian Financial Services Licence 342143) has been engaged by Mobilarm Limited (**Mobilarm** or the **Company**) to provide general financial product advice in the form of an independent expert's report (**Report**) in connection with the proposed Transaction. Our Report sets out our opinion as to whether the Transaction is fair and reasonable and our reasons for forming those conclusions.

The *Corporations Act 2001 (Cth)* requires us to provide this Financial Services Guide (**FSG**) in connection with the attached Report prepared for Mobilarm. You are not the party who engaged us to prepare this Report and we are not acting for any person other than Mobilarm. This FSG provides important information designed to assist Shareholders in forming their views of the Transaction and in understanding any general financial advice provided by Elderton Capital in this Report. Our Report is not intended to comprise personal retail financial product advice to retail investors or market-related advice to retail investors. This FSG contains information about our engagement by the directors of Mobilarm to prepare this Report in connection with the Transaction (Engagement), the financial services we are authorised to provide, the remuneration we (and any other relevant parties) may receive in connection with the Engagement, and details of our internal and external dispute resolution systems and how these may be accessed.

Financial services we are authorised to provide
Our Australian Financial Services Licence authorises us to provide the following services to both retail and wholesale clients, financial product advice in relation to securities, and government debentures, stocks and bonds, and dealing in a financial product by arranging for another person to apply for, acquire, vary or dispose of the abovementioned financial products.

General financial product advice
This Report contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs. Where the advice relates to the application for or acquisition of a financial product, you should also obtain and read carefully the relevant Transaction document or explanatory memorandum provided by the issuer or seller of the financial product before making a decision regarding the application for or acquisition of the financial product.

Remuneration, commissions and other benefits
Elderton Capital charges fees for its services, and will receive a fee of $15,000 (excluding GST) for its work on this Report. These fees have been agreed on, and will be paid solely by Mobilarm, which has engaged our services for the purpose of providing this Report. Elderton Capital may seek reimbursement of any out of pocket expenses incurred in providing these services. Our advisers are directors and employees of Elderton Capital who are paid salaries and dividends by Elderton Capital, and may also receive bonuses and other benefits from Elderton Capital. Our advisers may alternatively be paid by means of commission determined by a percentage of revenue written by the adviser.

Associations and relationships
Elderton Capital has not previously performed any other work for Mobilarm. Other than as set out in this FSG or this Report, Elderton Capital has no association or relationship with any person who might reasonably be expected to be capable of influencing them in providing advice under the Engagement. Elderton Capital, its officers and employees and other related parties have not and will not receive, whether directly or indirectly, any commission, fees, or benefits, except for the fees to be paid to Elderton Capital for services rendered in producing this Report. Elderton Capital, its directors and executives do not have an interest in securities, directly or indirectly, which are the subject of this Report. Elderton Capital may perform paid services in the ordinary course of business for entities, which are the subject of this Report.

Risks associated with our advice
This FSG is provided in connection with the attached Report relating to the Transaction. The Report comprises general product advice and does not comprise personal retail financial product advice to retail investors or market-related advice to retail investors. The Report is an expression of Elderton Capital's opinion as to whether the Transaction is fair and reasonable. However, Elderton Capital's opinion should not be construed as a recommendation as to whether or not to approve the Transaction. Approval of the Transaction is a matter for individual shareholders based on their own circumstances, including risk profile, liquidity preference, investment strategy, portfolio structure and tax position. Shareholders who are in any doubt as to the action they should take in relation to the Transaction should consult their own independent professional advisers. Further information on the risks, assumptions and qualifications associated with the advice is contained within the Report.

Compensation arrangements

The law requires Elderton Capital to have arrangements in place to compensate certain persons for loss or damage they suffer from certain breaches of the *Corporations Act 2001* by Elderton Capital or its representatives. Elderton Capital has internal compensation arrangements as well as professional indemnity insurance that satisfy these requirements.

Complaints

As an Australian Financial Services Licence holder, we are required to have an internal complaints-handling mechanism. All complaints must be addressed to us in writing at Level 2, 35 Outram Street, West Perth, WA, 6005. You may contact us on P: 08 6324 2900, E: info@eldertoncapital.com. If we are not able to resolve your complaint to your satisfaction within 45 days of first lodging it with us, you are entitled to have your matter referred to the Financial Ombudsman Service (FOS). You will not be charged for using the FOS service.

To contact the FOS:

GPO Box 3
MELBOURNE, VIC 3001
Tel: 1300 780 808
Fax: (03) 9613 6399

Privacy & use of information. We do not collect personal information on individual clients and are bound by the Elderton Capital Privacy Policy in the way that it governs personal information collected on clients. If you have any questions on privacy please contact us on the details above.

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ELDERTON
CAPITAL

11 July 2018

The Directors
Mobilarm Limited
2/33 Roberts St W
Osborne Park WA 6017

Dear Sirs

1. Introduction

This Independent Expert's Report (the "**Report**" or "**IER**") has been prepared to accompany the Notice of General Meeting and Explanatory Statement ("**NOM**") to be sent to shareholders for the upcoming General Meeting of Mobilarm Limited ("**Mobilarm**" or "**the Company**") to be held on or around 17 August 2018, at which shareholder approval will be sought for the proposed acquisition of Jaxsta Holdings Pty Ltd (ACN 612 656 372) ("**Jaxsta**"), a company that carries on a music database business.

The Directors of Mobilarm have requested Elderton Capital Pty Ltd ("**Elderton**"), being independent and qualified for the purpose, to express an opinion as to whether the acquisition of Jaxsta is fair and reasonable to Mobilarm shareholders.

In preparing this IER we have had regard the Australian Securities and Investment Commission ("**ASIC**") Regulatory Guide 111 *Content of Expert Reports* ("**RG 111**"), in our assessment of the fairness and reasonableness of the proposed transaction.

The ultimate decision whether to approve the proposed transaction should be based on each shareholder's assessment of their circumstances, including their risk profile, liquidity preference, tax position and expectations as to add value to future market conditions. If in doubt about the proposed transaction, or matters dealt with in this IER, shareholders should seek independent professional advice.

Elderton Capital Pty Ltd ABN 22 137 309 892 AFS Licence No. 342143
T +61 8 6324 2900 E info@eldertoncapital.com A Level 2, 35 Outram Street, West Perth WA 6005
W www.eldertoncapital.com P PO Box 983, West Perth WA 6872

2. Executive Summary

2.1 Approach

Our Report has been prepared having consideration of ASIC RG 111, and Regulatory Guide 112 ("**RG 112**") '*Independence of Experts*'.

In arriving at our opinion, we have assessed the terms of the Share Purchase Agreement ("**SPA**") which sets out the terms of the acquisition and purchase of the remaining 80% of the share capital of Jaxsta by the Company (the "**Transaction**"). We have considered:

- Whether the maximum consideration of:
  - 115,420,126 fully paid ordinary shares ("**Consideration Shares**"),
  - 2,000,000 fully paid ordinary shares to be issued in settlement of Jaxsta debt ("**Shareholder Loan Repayment Shares**"), and
  - 408,000 fully paid ordinary shares to be issued to Jaxsta Warrant holders ("**Jaxsta Warrant Shares**")

  (together, the "**Total Consideration**"), to be issued to the vendors of the portion of Jaxsta that Mobilarm does not currently own, is fair and reasonable to the shareholders of Mobilarm ("**Shareholders**");
- How the market value of the consideration to be issued for the Transaction compares with the value of Jaxsta which the Company obtains in return;
- Other factors which we consider to be relevant to the Shareholders in their assessment of the proposed disposal; and
- The position of Shareholders should the transaction not proceed.

2.2 Opinion

We have considered the terms of the Transaction as outlined in the body of this report.

We have concluded that the Terms of the Transaction are both fair and reasonable to Shareholders.

- In our opinion, the payment of the Total Consideration is fair because the return to be received by the Company (100% ownership of Jaxsta) is valued higher than the market value of the Total Consideration.
- In our opinion, the payment of the Total Consideration is reasonable because it is fair, and also because the advantages of approving the payment of the Total Consideration outweigh the disadvantages of approving the payment of the Total Consideration, as set out in Section 10.

2.3 Fairness

In Section 10.1 we identify the value of the Total Consideration, and compare that with the value to be received through the acquisition of Jaxsta, as set out below:

Table 1

	Low - WACC	High - WACC
	$	$
Total Consideration Payable (maximum)	27,807,438	27,807,438
Calculated Value of Jaxsta (80% holding)	37,954,148	31,863,569

The value of the Total Consideration, after adjustment for a premium for control, is less than the value of 80% of Jaxsta, to be acquired. Therefore, we consider that the payment of the Total Consideration is fair.

2.4 Reasonableness

We have considered the analysis in Section 10 of this report, in terms of both:

- advantages and disadvantages of the Transaction; and
- alternatives, including the position of Shareholders if the Transaction does not proceed.

In our opinion, the position of Shareholders if the Transaction is approved is more advantageous than the position if the Transaction is not approved. Accordingly, in the absence of any other relevant information we believe that the payment of the Total Consideration is reasonable for Shareholders.

The respective advantages and disadvantages considered are summarised below:

Table 2

ADVANTAGES AND DISADVANTAGES			
Section	**Advantages**	**Section**	**Disadvantages**
10.2.3	New strategic direction	10.2.4	Change in nature & scale
10.2.3	Capital raising & cashflow	10.2.4	Dilution
10.2.3	Ownership & control		

Based on our analysis of the above, in our opinion, the Transaction is considered reasonable for Shareholders, because it is fair, and because:

a) After review, the advantages of the Transaction outweigh the disadvantages of approving it, for Shareholders; and

b) After review, the disadvantages of rejecting the Transaction outweigh any advantages of rejecting it, for Shareholders.

2.5 Other Matters

Elderton Capital Pty Ltd holds the appropriate Australian Financial Services License to issue this report.

In forming our opinion and conclusions, we have evaluated the interests of Mobilarm shareholders as a collective group. Therefore, the advice provided does not consider any individual Mobilarm shareholder directly: their financial situation, objectives or needs. It is not possible, nor is it practical, to assess the implications of the Conversion and Underwriting Fee Transaction on individual shareholders as their specific financial circumstances are unknown.

The decision as to whether or not to approve the acquisition of Jaxsta Holdings Pty Ltd ("Jaxsta") is a matter for each individual Mobilarm shareholder to consider based on, their risk appetite, desire for portfolio liquidity, investment strategy, and tax position. Each individual shareholder is therefore advised to consider the appropriateness of our opinion in the context of their circumstances, before making a decision regarding acquisition of Jaxsta.

As any shareholder's decision to vote for or against this resolution may be affected by their aforementioned personal circumstances, we advise that each individual shareholder seeks their own independent professional advice.

Our report has been prepared in accordance with the *Corporations Act 2001* ("**the Act**") and other relevant Australian regulatory requirements. This report has been prepared solely for the purpose of assisting Mobilarm shareholders in evaluating whether to approve the above mentioned Transaction. We do not assume any responsibility or liability to any other party as a result of reliance on this report for any other purpose.

3. Nature of the proposed transaction

3.1 Details from the Company's ASX Announcements

On 1 February 2018, Mobilarm announced its intention to undertake a major restructuring, via the following transactions:

- Entering into a binding Heads of Agreement to dispose of its main subsidiary Marine Rescue Technologies Ltd ("**MRT**");
- Entering into a binding Heads of Agreement to acquire the remaining non controlled interest in Jaxsta Holdings Pty Ltd (the Company currently holds 20% of the share capital in Jaxsta Holdings Pty Ltd); and
- undertaking a capital raising.

In consideration for Mobilarm acquiring the issued capital of Jaxsta Holdings Pty Ltd, the Company will pay (as a maximum) the following consideration:

- 115,420,126 fully paid ordinary shares in the Company,
- 2,000,000 fully paid ordinary shares in the Company, in settlement of shareholder loans currently owed by Jaxsta, and
- 408,000 fully paid ordinary shares in the Company, to the Jaxsta Warrant holders.

3.2 Consideration Shares

Management of the Company expect to issue between 102,086,793 shares and 115,420,126 shares, to fulfil the "Consideration Shares" component of the Total Consideration. The 13,333,333 additional shares issued under the maximum scenario reflect the increased consideration Mobilarm would need to pay, if Jaxsta completes its planned pre-acquisition capital raising, increasing its number of shareholders.

For the purposes of this Report, we have presumed Management will issue the maximum possible number of shares, hence increasing the value of Total Consideration paid by Mobilarm to its highest value, for comparison with the value of 80% of Jaxsta. If the deal is considered fair and reasonable at the highest possible value of the Total Consideration, it will also be fair and reasonable at any lower values too.

3.3 The Jaxsta Business

Jaxsta is an Australian Company that carries on a music database business. 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 cloud based metadata and business intelligence platform that employs proprietary metadata processing and entity recognition technology to provide a cohesive, full scale solution, to data recording and management in the music industry.

3.4 The Resolution to Shareholders

The resolution containing the clauses relevant to the Transaction, under consideration for shareholder approval is set out in the NOM and is listed below:

Resolution 5 – Approval for the Acquisition of a Relevant Interest in the Company by Jaxsta

"*That, subject to the passing of the Essential Resolutions, for the purposes of section 611 (item 7) of the Corporations Act and for all other purposes, approval is given for the Company to issue (on a post-Consolidation basis):*

(a) up to 115,420,126 Consideration Shares to the Jaxsta Shareholders (or their nominees);

(b) 408,000 Jaxsta Warrant Shares to the Jaxsta Warrant Holder;

(c) 2,000,000 Shareholder Loan Repayment Shares to the Founder Vendors;

(d) 20,000,000 CEO Options to Jacqueline Louez Schoorl, and

(e) 20,000,000 Shares on exercise of the CEO Options referred to in sub-paragraph (d),

on the terms and conditions set out in the Explanatory Statement for the Jaxsta Shareholders and their associates to thereby acquire voting power in the Company as set out in the Explanatory Statement and for the Company to acquire an interest in its Shares pursuant to entry into the Acquisition Agreement."

Please note that, while these issues of equity have been grouped in the NOM as each relates to the issue of equity instruments to the collective vendors of Jaxsta, only points a) – c) are in relation to the Total Consideration paid as part of the Transaction. Clauses d) – e) are separate, in relation to the provision of future services under an employment agreement, and are not contemplated by this Report.

4. The purpose of this report

4.1 *Corporations Act 2001* – rules governing acquisition of a "relevant interest"

Section 606(1) of the *Corporations Act 2001* states that, subject to certain specified exemptions, a person must not acquire a "relevant interest" in issued voting shares in a public company if, as a result of the acquisition, any person's voting power in the company would:

a) Increase from below 20%, to more than 20%, or

b) From a starting point above 20% and below 90%, increase.

In broad terms, a person has a "relevant interest" if that person holds shares or has the power to control the right to vote or dispose of shares. A person's voting power in a company is the number of voting shares in which the person (and its associates) holds, compared with the total number of voting shares in the company.

As can be seen in the Explanatory Statement, the passage of this resolution would give the Jaxsta Shareholders a 60.8% shareholding in the Company (64% on a fully diluted basis). In this instance, the Company will be in breach of Section 606(1) of the Act in the absence of an applicable exemption.

Section 611, Item 7 of the *Corporations Act 2001* provides an exemption to the rule noted in Section 606(1), above. Section 611, Item 7 allows a party (and its affiliates) to acquire a relevant interest in shares that would otherwise be prohibited under Section 606(1) of the Act if the proposed acquisition is approved in advance by a resolution passed at a general meeting of the Company; and:

1. no votes are cast in favour of the resolution by the proposed acquirers or respective associates (they must abstain from the vote); and
2. there was full disclosure of all information that was known to the persons proposed to make the acquisition or their associates or known to the Company that was material to a decision on how to vote on the resolution (in addition to this report, please refer to the Explanatory Memorandum as accompanied with the Notice of Meeting).

Section 611 states that shareholders must be given all information that is material to the decision on how to vote at the meeting. RG 111 advises the commissioning of an IER in such circumstances and provides guidance on the content.

4.2 Methodology Applied

In determining whether the proposed transaction is "fair and reasonable", we have given regard to the views expressed by ASIC in RG 111. This regulatory guide provides ASIC's views on how an expert can help security holders make informed decisions about a transaction and specifically gives guidance to experts on how to evaluate whether or not a proposed transaction is fair and reasonable.

RG 111 states that the expert's report should focus on:

- the issues facing the security holders for whom the report is being prepared; and
- the substance of the transaction rather than the legal mechanism used to achieve it.

RG 111 applies the fair and reasonable test as two distinct criteria, stating that a proposed transaction is fair if the value of the financial benefit to be provided by the entity is equal or less than the value of the consideration being provided to the entity.

.

A transaction is reasonable if it is fair. It might also be reasonable if, despite not being fair, the expert believes there are sufficient reasons for members to vote for the transaction.

Consistent with the guidelines in RG 111, in determining whether the proposed transaction is "fair and reasonable" to the shareholders, the analysis undertaken is as follows:

- a comparison of the fair value of Jaxsta with the value of the Total Consideration; and
- a review of other significant factors which shareholders might consider prior to approving the proposed transaction in the assessment of reasonableness.

In particular, we have considered the advantages and disadvantages of the proposed transaction in the event that the proposed transaction proceeds or does not proceed, including:

- the future operations of Mobilarm if the proposed transaction does not proceed; and
- any other commercial advantages and disadvantages to shareholders as a consequence of the proposed transaction proceeding. Our assessment of the proposed transaction is based on economic, market and other conditions prevailing at the date of this Report.

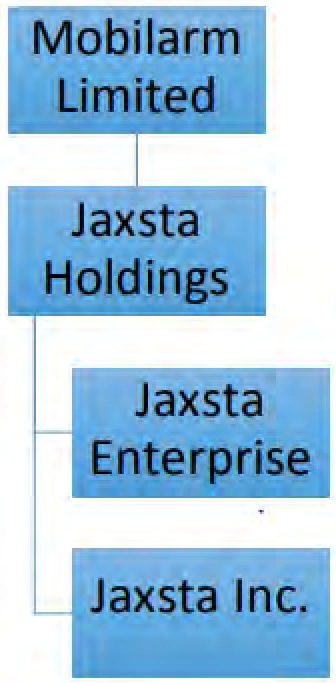
5. Profile of Mobilarm

Mobilarm is an Australian company whose principal current activity is the development, manufacturing and sale of Man Overboard Safety Solutions in Australia and UK. The Company is headquartered in Perth, Australia.

The Company was incorporated in 2003 and subsequently listed on the ASX on 21 September 2010 (ASX:MBO)

5.1 Corporate Structure

The proposed structure of Mobilarm, is set out below:



5.2 Directors & Key Management

As at the date of this report, the Directors and Key Management of Mobilarm comprise the following:

- Sir Tim McClement – Independent Chairman
- Mr Ken Gaunt – Chief Executive Officer, Executive Director (ED)
- Mr Jorge Nigaglioni – Chief Financial Officer, Executive Director (ED)
- Mr Robert Gaunt – Chief Operating Officer
- Mr James Garbutt – Quality Manager
- Mr Mark Swale – Development Manager
- Mr David Sanderson – Fulfillment Manager

5.3 Mobilarm's Financial Position

The table below sets out the financial position of Mobilarm as at 31 December 2017, 30 June 2017 and 30 June 2016.

Table 3

	Reviewed Half year ended 31 December 2017	Audited 30 June 2017	Audited 30 June 2016
Current Assets			
Cash and cash equivalents	381,526	742,743	2,374,023
Trade and other receivables	779,319	1,062,831	994,415
Inventories	1,897,252	1,623,394	2,003,610
Other current assets	1,539,250	1,391,858	596,944
Total Current Assets	**4,597,347**	**4,820,826**	**5,968,992**
Non-Current Assets			
Plant and equipment	776,643	804,305	779,010
Intangible assets and goodwill	2,334,958	2,439,333	2,671,393
Investment in other businesses	1,500,000	1,500,000	500,000
Total Non-Current Assets	**4,611,601**	**4,743,638**	**3,950,403**
Total Assets	**9,208,948**	**9,564,464**	**9,919,395**
Current Liabilities			
Trade and other payables	1,282,062	1,550,565	1,631,977
Interest bearing loans and borrowings	3,907,703	3,599,719	3,136,641
Provisions	93,128	84,250-	124,854
Total Current Liabilities	**5,282,893**	**5,234,534**	**4,893,472**
Non- Current Liabilities			
Provisions	53,212	50,119	57,016
Total Non-Current Liabilities	**53,212**	**50,119**	**57,016**
Total Liabilities	**5,336,105**	**5,284,653**	**4,950,488**
Net Assets	**3,872,843**	**4,279,811**	**4,968,907**
Equity			
Contributed equity	30,601,809	30,601,809	30,601,809
Accumulated losses	(28,385,380)	(27,740,691)	(26,810,634)
Reserves	1,656,414	1,418,693	1,177,732
Total Equity	**3,872,843**	**4,279,811**	**4,968,907**

1. Mobilarm's assets and liabilities consists principally of assets and liabilities recorded in its current trading subsidiary MRT (to be disposed if approved by shareholders).
2. Inventory consists of product available for sale in respect of MRT.
3. Intangible assets and goodwill represents the original premium paid to acquire MRT.
4. Interest bearing loans and borrowings consist mainly of convertible notes due for conversion within 1 year.

5.4 Mobilarm's Financial Performance

Table 4

	Reviewed Half year ended 31 December 2017 $'000	Audited 30 June 2017 $'000	Audited 30 June 2016 $'000
Revenue			
Sale of goods	1,378,732	3,888,082	5,520,949
Portion of rentals recognized as revenue	663,897	1,082,478	1,111,843
Cost of units sold	(430,549)	(1,131,425)	(1,467,154)
Depreciation of units under rental	(117,993)	(108,625)	(219,966)
	(548,546)	(1,240,050)	(1,687,120)
Gross Profit	1,494,085	3,730,510	4,945,672
Interest Income	535	1,782	16,317
Employee benefits	(850,118)	(1,827,705)	(2,031,849)
Share based compensation	(188,042)	(396,544)	(413,394)
Depreciation and amortization	(140,195)	(333,062)	(411,380)
Travel and accommodation	(155,257)	(276,742)	(507,574)
Legal fees	(87,590)	(129,212)	(185,727)
Finance costs	(189,474)	(305,398)	(461,878)
Foreign exchange gain/(loss)	41,569	(127,923)	(43,585)
Impairment of units under rental	-	(7,709)	(150,546)
Other expenses	(570,202)	(1,247,039)	(1,799,536)
Loss before income tax (brought forward)	(644,689)	(919,042)	(1,043,480)
Income tax (expense)/benefit	-	(11,015)	(86,134)
Loss from operations after income tax	**(644,689)**	**(930,057)**	**(1,129,614)**
Other comprehensive income			
Foreign currency translation reserve movement	**49,679**	**(155,583)**	**(586,908)**
Total comprehensive (loss)/income for the year	**(595,010)**	**(1,085,640)**	**(1,716,522)**

1. The majority of turnover for the periods as set out above related to MRT.
2. Losses for the period under review are mainly drive by head office expenses.

5.5 Company's Capital Structure

At the date of this report the company has 493,119,559 ordinary shares on issue. The top 30 shareholders account for 75.94% of the total shares on issue. Set out in the table below are the top 30 shareholders, the number of shares held and the percentage of the total.

Table 5

Shareholder	No. of shares	%
BLAZZED PTY LTD	66,503,670	13.35
GLENEAGLE SECURITIES NOMINEES	65,754,698	13.20
JUNIOR JAY PTY LTD	39,069,731	7.84
NEWD CORP PTY LTD	33,699,409	6.77
CITICORP NOMINEES PTY LIMITED	23,214,038	4.66
GREYWOOD HOLDINGS PTY LTD	14,900,000	2.99
VALUE NOMINEES PTY LTD	13,472,469	2.70
TUBBY INVESTMENTS PTY LTD	10,660,000	2.14
MR GARY DARREN HASLER	10,230,465	2.05
DUTCH INK (2010) PTY LTD	9,736,978	1.95
MR GARRY DARREN HASLER	6,921,428	1.39
MR KURTIS ADAM SCOTT	6,734,000	1.35
MRS MELANIE THERESE VERHEGGEN	6,299,013	1.26
MISS CHRISTINE ANN HAYNES	6,000,000	1.20
MR DAMON VERHEGGEN	5,274,243	1.06
MS SASHA THERESE VERHEGGEN	5,274,243	1.06
JAEANAI TECHNOLOGIES PTY LLTD	5,000,000	1.00
COURSCOTT PTY LTD	4,770,000	0.96
STONEFIELD DEVELOPMENTS	4,333,334	0.87
ASGARD CAPITAL MANAGEMENT LTD	4,024,767	0.81
GAUNTSWOOD PTY LTD	4,000,001	0.80
BOUTIQUE ADVISERS PTY LTD	4,000,000	0.80
MRS MELANIE THERESE VERHEGGEN	3,999,955	0.80
ASIANA PROPERTIES LIMITED	3,984,365	0.80
BNP PARIBAS NOMINEES PTY LTD	3,647,344	0.73
	361,504,151	**72.57**
Other shareholders	136,615,408	27.43
Total	**498,119,559**	**100%**

The range of shares held in Mobilarm at 10 July 2018 is as follows:

Table 6

Range of shares held	Number of Ordinary Shareholders	Number of Ordinary Shares	Percentage of Issued Shares (%)
1 – 1,000	20	4482	0.001%
1,001 – 5,000	8	27,525	0.006%
5,001 – 10,000	31	262,181	0.053%
10,001 – 100,000	245	10,557,069	2.119%
100,001 and over	220	487,268,342	97.821%
TOTAL	**523**	**498,119,599**	**100.000%**

Source: Management of Mobilarm

6. Profile of Jaxsta Holdings Pty Ltd

6.1 Directors & Key Management

The current directors and key management of Jaxsta are:

- Mrs Jacqui Louez Schoorl
- Mr Louis Schoorl
- Mrs Renee Bryant
- Mr Phil Morgan

6.2 Jaxsta Holdings Pty Ltd Financial Position

The table below summarizes the audited financial performance of Jaxsta for the years ended 30 June 2017 and 30 June 2016.

Table 7

	30 June 2017 ($)	30 June 2016 ($)
Current Assets		
Cash and cash equivalents	8,998	144,048
Trade and other receivables	21,794	15,142
Other assets	32,018	10,866
Total current assets	**62,810**	**170,056**
Non-Current Assets		
Property Plant & Equipment	501,101	231,754
Intangible assets	4,248,839	4,107,242
Total Non-Current Assets	**4,812,750**	**4,509,052**
Current Liabilities		
Trade and other payables	564,466	88,038
Current tax liabilities	69,909	-
Total current liabilities	634,375	88,038
Borrowings	634,375	1,069,990
Total Non-Current Liabilities	1,494,845	1,069,990
Net assets	2,683,530	3,351,024
Issued capital	5,499,602	3,500,002
Retained earnings	(2,816,072)	(148,978)
Total equity	**2,683,530**	**3,351,024**

6.3 Jaxsta Holdings Pty Ltd Financial Performance

Table 8

	Year to 30 June 2017 ($)	Year to 30 June 2016 ($)
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)**

The above results were derived from continuing operations.

6.4 Jaxsta Holdings Pty Ltd Ownership

As at the most recent reporting date, 20% of Jaxsta was owned by Mobilarm, with the remainder being held by the vendors who are currently part of this transaction ("**Jaxsta Shareholders**").

7. Valuation Techniques

7.1 Methods

For this Report, two separate valuations are required. The first, of the Total Consideration payable by Mobilarm, including the Consideration Shares, Shareholder Loan Repayment Shares, and the Jaxsta Warrant Shares, while the second is to evaluate the value of 80% of Jaxsta, to be acquired through the Transaction.

In assessing the valuations required for this Report, we have evaluated a range of valuation methodologies. RG 111 advises that it is generally appropriate for an expert to consider the methods set out below to value a company and its shares:

- the discounted cash flow (“DCF”) method and the estimated realisable value of any surplus assets;
- the application of earnings multiples to the estimated future maintainable earnings or cash flows added to the estimated realisable value of any surplus assets;
- the amount which would be available for distribution on an orderly realisation of assets;
- the quoted price for listed securities; and
- any recent genuine offers received.

The valuation methodologies proposed by RG 111 can be split into three specific groupings, as follows:

- Market Based Methods;
- Income Based Methods; and
- Asset Based Methods.

7.2 Market Based Methods

Market based methods provide an estimated calculation of the fair market value by considering the market value of a company’s securities or the market value of comparable companies. Market based methods include:

- the quoted price for listed securities; and
- industry specific methods.

In the Quoted Price method, the recent price history for a publicly listed security provides evidence of the fair market value of a company’s securities where they are publicly traded in an informed and liquid market.

Industry specific methods typically involve the use of industry “rules of thumb” to estimate the fair market value of a company and its securities. Normally, rules of thumb provide less definitive evidence of the fair market value of a company than other market based valuation methods, because they may not take account of certain company-specific factors which affect their risk profile relative to industry competitors.

7.3 Income Based Methods

Income based methods estimate value by calculating the discounted present value of a company’s estimated future stream of earnings or cash flows. Income based methods include:

- discounted cash flow (“DCF”) methods; and
- capitalisation of future maintainable earnings (“FME”).

The DCF technique has an established foundation in published literature, calculating the price of a company based on the net present value of its future cash flows. It requires a breakdown of future cash flows, the capital structure and costs of capital and an assessment of the residual value or the terminal value of the company’s cash flows at the end of the period under consideration. This method of valuation is appropriate when valuing companies where future cash flows can be predicted with a reasonable degree of confidence.

The capitalization of future maintainable earnings methodology is generally considered an abbreviated form of DCF, where an estimation of the Future Maintainable Earnings ("FME") of the business, rather than a stream of cash flows, is capitalised based on a chosen capitalisation multiple. Multiples are derived from the analysis of market transactions for companies in the same sector, and the trading multiples of comparable companies.

7.4 Asset Based Methods

Asset based methods estimate the fair market value of a company based on the realisable value of its identifiable net assets. Asset based methods include:

- orderly realisation of assets method;
- liquidation of assets method; and
- net tangible assets on a going concern basis.

The value achievable in an orderly realisation of assets is estimated by calculating the fair market value of the assets of a company which would be distributed to security holders after payment of all liabilities, including costs of realization and taxation charges that arise, assuming the company is wound up in an orderly manner. This technique is particularly appropriate for businesses with relatively high asset values compared to earnings and cash flows.

The liquidation of assets method is similar to the orderly realisation of assets method except the liquidation method assumes that the assets are sold much faster, reflecting a distressed liquidation value. The liquidation of assets method will result in a value that is lower than the orderly realisation of assets method, and is appropriate for companies in financial distress or when a company is not valued on a going concern basis.

The net tangible assets in a going concern method estimate the market values of the net tangible assets of a company but, unlike the orderly realisation of assets method, it does not take into account realisation costs. Asset based methods are appropriate when companies are not profitable, a significant proportion of the company's assets are liquid, or for asset holding purposes.

7.5 Selection of Valuation Methodology

For the purposes of valuing the Total Consideration payable by Mobilarm, we selected the Quoted Market Price ("**QMP**") model. This method was assessed as most appropriate for the following reasons:

- The Company is publicly listed, giving readily available data for use as part of this model; and
- As the valuation is to consider the value of the Company to shareholders, the share price will provide the most accurate reflection of that amount.

By comparison, for the purposes of valuing Jaxsta, and after careful consideration of Jaxsta's specific circumstances, we have selected the discounted cash flow method ("**DCF**") as our primary model. This method has been assessed as the most appropriate methodology for the following reasons:

- The net assets of Jaxsta do not properly reflect the value of the growth potential inherent in the business. Consequently, an asset based valuation model would not be considered appropriate;
- Jaxsta has not yet established a maintainable level of historical earnings on which a valuation reflecting a multiple of future maintainable earnings could be based;
- The business of Jaxsta is in its startup phase, which makes forward looking models the most appropriate method to capture the full potential of the business; and
- Management of Jaxsta have prepared detailed forecasts of the expected future activity of the business.

Please see Appendix 4 for a full discussion of these models and their inputs.

8. The Value of the Total Consideration

Mobilarm is to issue:

- A maximum of 115,420,126 Consideration Shares;
- 2,000,000 Shareholder Loan Repayment Shares; and
- 408,000 Jaxsta Warrant Shares

(collectively, the "**Total Consideration**") in exchange for acquiring the remaining 80% shareholding in Jaxsta (the "**Transaction**"). To compare the value of the Total Consideration with the value of Jaxsta (established in Section 9), we need to price the Total Consideration to be provided to the Jaxsta Shareholders.

As noted in Section 7.5, we consider the Quoted Market Price model to be most appropriate for valuing the Total Consideration. However, we also note that Mobilarm has been suspended from trading on the ASX for large parts of the past calendar year and, therefore, we are basing our evaluation regarding the share price on the most recent data only, between its re-instatement to official quotation on 16 February 2018 and its subsequent suspension on 30 May 2018.

8.1 Quoted Market Price

As at 10 July 2018, the closing price for Mobilarm was $0.02. Using trading data for further analysis of trends in market price, we have also considered the volume weighted average market price ("**VWAP**") for 1 month, 2 months, and 3 months up to 10 July 2018.

Table 9

	10 July 2018	1 month	2 months	3 months
Closing Price	$0.020			
Volume Weighted Average		- [2]	$0.0095	$0.0105
Adjusted Closing Price	$0.200			
Adjusted Volume Weighted Average[1]		- [2]	$0.095	$0.105

[1] The adjusted Closing Price and VWAP has been calculated to take into account the effects of the 1:10 share consolidation as explained in the Share Purchase Agreement.

[2] Since 30 May 2018, the shares of the Company have been suspended from trading. Hence, the volume weighted average price for this period cannot be calculated. Please see Table 10 for the suspended share price during this time.

The above volume weighted average prices have been calculated up to 10 July 2018, in order to capture the effects of the most recent price sensitive announcements on the share price (the transactions as listed in Section 3.1 of this Report).

An analysis of the volume of trading in Mobilarm shares for the trading period to 10 July 2018 is set out below:

Table 10

	Share price low ($)	Share price high ($)	Cumulative Volume Traded	As a % of Issued Capital
1 day[1]	0.020	0.020	-	-
1 month[1]	0.020	0.020	-	-
2 months	0.009	0.020	7,195,259	1.444%
3 months	0.009	0.020	8,812,480	1.769%

[1] As noted in table 9, the Company's shares were suspended from trading during this period.

Table 10 indicates that Mobilarm's shares display a low level of liquidity, with only 1.77% of the Company's current issued capital being traded in a three month period. For the quoted market price methodology to be reliable there needs to be a 'deep' market in the shares. RG 111.69 indicates that a "deep" market should reflect a liquid and active market. We consider the following characteristics to be representative of a deep market:

- Regular trading in a company's securities;
- Approximately 1% of a company's securities are traded on a weekly basis;
- The spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- There are no significant but unexplained movements in share price.

Clearly the volume traded would suggest that the market for Mobilarm is "shallow", with few trades over a three month period. However, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant, especially given the abbreviated period for which relevant data is available for Mobilarm.

8.2 Consideration of Fixed Price

As part of the transactions contemplated in the NOM, Mobilarm is completing a re-compliance with ASX Listing Rules. This requires that the Company's share price following the General Meeting to be $0.20. Management intends to achieve this via a consolidation of the Company's existing share capital, as explained in Resolution 3 of the NOM. The share consolidation will be undertaken on a 10:1 basis.

Given the share price of MBO is currently $0.02 (and suspended), the share consolidation will ensure that the price after the Meeting (pending approval of all resolutions), will be $0.20. For this reason, in attributing value to the shares of the Company, we have utilized $0.20, as this will be the price relevant during these transactions.

8.3 Control Premium

The concept of a premium for control reflects the additional value that attaches to a controlling interest. In arriving at an appropriate control premium to apply we noted that observed control premium can vary due to the:

- Nature and magnitude of non-operating assets;
- Nature and magnitude of discretionary expenses;
- Perceived quality of existing management;
- Nature and magnitude of business opportunities not currently being exploited;
- Level of controlling interest acquired;
- Ability to integrate the acquiree into the acquirer's business; and
- Level of pre-announcement speculation of the transaction.

In determining whether including a control premium is appropriate for Mobilarm, we have evaluated the expected shareholdings of the Jaxsta shareholders under review as part of this Report, and other significant shareholdings.

In attributing a control premium to a transaction, the potential to gain control of the Company, and/or holding the ability to influence the Company, would be indicators that a control premium would be appropriate. Per the NOM, it is expected that the Jaxsta Shareholders will obtain an interest of 60.8% in the total share capital of Mobilarm following the transactions contemplated by the NOM (on a fully diluted basis, this could rise to 64%).

While holding more than 50% of shares would give the Jaxsta shareholders practical control over Mobilarm, it is of note that this would only be sufficient to pass general resolutions of the Company in a Meeting, but not Special Resolutions (which require a 75% majority).

Typical takeover premiums for ASX-listed companies range between 0% and 20%. Given the aforementioned context of practical control, we have chosen a control premium of 18% in valuing the Consideration Shares.

8.4 Quoted Market Price (including control premium)

Applying a control premium to Mobilarm's calculated price range from Section 8.1 results in the following quoted market price value including a premium for control:

Table 11

	High
Adjusted QMP value	$0.20
Control Premium	18%
Adjusted QMP value (including control premium)	**$0.236**
Number of Consideration Shares to be issued	115,420,126
Number of Shareholder Loan Repayment Shares to be issued	2,000,000
Number of Jaxsta Warrant Shares to be issued	408,000
Maximum Number of Shares to be issued	**117,828,126**
Value of Total Consideration payable	**$27,807,438**

The above is calculated by increasing the Quoted Market Price value (taken from Section 8.2) by the percentage for control, to give the estimated value of the Consideration Shares, the Shareholder Loan Repayment Shares, and the Jaxsta Warrant Shares.

For comparative purposes, the maximum value of the consideration that will be issued by Mobilarm is $27,807,438, based on a 10:1 consolidation, and a post-consolidation share price of $0.20.

9. The Value of Jaxsta

Jaxsta is not presently trading, nor is it listed, limiting data sources for valuing the business. After evaluation in Section 7.5, it was decided to utilize the Discounted Cash Flow model, taking account of Jaxsta's forecast future earnings, to determine a value for the company.

Jaxsta management has prepared detailed annual forecasts from July 2018 to December 2022 ("**Jaxsta Forecasts**"). The forecasts form the basis of our DCF valuation of Jaxsta and are discussed further below.

9.1 Jaxsta Forecasts

The Management of Jaxsta has prepared forecasts, summarised in the following table:

Table 13

	2018	2019	2020	2021	2022
Cash Inflows (operations)	134,622	9,174,522	25,396,240	40,860,566	55,510,130
Cash outflows (operations)	(2,476,792)	(14,694,803)	(20,401,054)	(26,390,987)	(33,898,322)
Net cashflow for the year	(2,342,170)	(5,520,281)	4,995,186	14,469,579	21,611,808

9.2 Assumptions for the Jaxsta Forecasts

The Management of Jaxsta has utilized the following assumptions, in preparing their forecast cashflow:

Revenue

Revenue is driven by subscriptions to the Jaxsta music database programs. The two estimates employed in deriving the revenue achieved are:

- The size of the population of the music publishing & recording industry (potential users of the program); and
- The market penetration and growth rates of that over time.

The Management of Jaxsta has utilized a conservative estimate of the global music market population of approximately 4 million users. They have further assumed that the regular growth rate in share of the total population will be 0.25% per month.

Salaries

Salary costs per staff member have been assumed at $12,000 per month. This is approximately 150% of the current salary cost per staff member, and is designed to be both conservative and take into account inflation over time.

Marketing Costs

Expected to be the main driver of subscriber growth, marketing costs has been estimated at a multiple of subscriber growth (17 times). Management of Jaxsta considers that digital marketing has two components:

- staff who manage the programs (included in salary costs); and
- costs of advertising & lead generation online.

Management of Jaxsta note that best practice benchmarks for consumer products advertising is $10-$15 per consumer, hence the rate of $17 is conservative and allows for potential cost overruns.

9.3 DCF Model: The Discount Rate

A key determinant of the value of a business when using forecast cashflows is the discount rate applied. For DCF models, this is the rate of return which an investor could expect to obtain by investing in other investments with comparable risk. This return, known as the Weighted Average Cost of Capital ("**WACC**"), is calculated by weighting the required returns on ordinary equity capital and on interest-bearing debt in proportion to their estimated percentages based on the expected capital structure.

Based on our review of the expected funding of Jaxsta by Mobilarm, the funding is expected to be equity only, with no debt component. The calculation of the WACC for Jaxsta is set out below:

Table 14

	Note	Low WACC	High WACC
Risk-free rate	Note 1	2.61%	2.61%
Equity beta	Note 2	1.22	1.22
Equity market risk premium	Note 3	5.09%	5.09%
Cost of equity (before adjustments)		**8.82%**	**8.82%**
Startup business risk premium	Note 4	6.00%	8.00%
Unique business risk premium	Note 5	3.00%	3.00%
Cost of equity (after adjustments)		**17.82%**	**19.82%**

Notes:

1. The risk free rate applied is the Australian Commonwealth Government 10 year bond rate, as at 9 July 2018
2. The Equity beta is based on market research conducted by Elderton (see Appendix 1)
3. The Equity risk premium has been estimated with reference to market based credit risk ratings (see Appendix 1)
4. Given the nature of the Jaxsta business, currently in its startup phase, it presents a risk that existing plans and forecasts will not eventuate as expected, hence the need for a startup business risk premium.
5. Jaxsta is targeting a current gap in the music publishing market; there are no other businesses of this nature currently in operation, making it more idiosyncratic and of greater risk.

9.4 DCF Model: Terminal Value

As noted in Appendix 4, it is general valuation practice to take into account a terminal value when applying a DCF methodology to the valuation of an asset or entity that is expected to have earnings indefinitely into the foreseeable future. The terminal value of an asset at the end of a cash flow forecast period represents the value of the asset at that time, which, in turn reflects the net present value of the cash flows accruing beyond that period.

There are a number of methods available for use in determining the terminal value. These methods include:

- Determining the likely exit earnings yield and capitalizing the expected earnings for the year following the end of the forecast period at that exit earnings yield. This method results in a hybrid of cash flows and earnings and produces a situation where the value of the business can be manipulated by lengthening or shortening the time horizon;
- Assessing the economic life of the entity and also making assumptions about the rate and variability of growth. This approach is difficult to apply in practice because of the numbers of unknowns involved and the sensitivity of the valuation result to the assumptions made.
- Assuming a constant growth in net cash flows. This method may represent the best compromise, and has the advantage of being consistent with the present value techniques used up to the end of the forecast period, because the same discount rate can be used.

We consider that the third option (i.e. assuming a constant growth in net cash flows) is the best method by which to determine the terminal value of Jaxsta after 2022, being the final year of the Jaxsta Forecasts.

In order to calculate the terminal value, we have applied the constant growth perpetuity formula, i.e. estimated cashflows in 2022 divided by the difference between the discount rate (refer Section 9.3) and the growth rate (we have assumed a growth rate beyond 2022 of 2%, being our expectation of the inflation rate).

9.5 DCF Model: Other Factors

Given Jaxsta is an unlisted entity, there is an inherent lack of market for its shares, which we must take account of in our model for valuing the business. Based on various studies and industry research, rates for the marketability discount in the past 10 years are approximately 16%.

Given Mobilarm will acquire a controlling interest in Jaxsta (adding the 80% acquired to its existing 20% shareholding), we must also take account of the control premium to the value of the business. Control premiums typically range from 10-20% and, in this instance, given Mobilarm will have full control after the completion of the transaction, we would apply the full premium for control of 20%.

Finally, per the terms of the transaction, Mobilarm is only acquiring 80% of Jaxsta via this transaction, hence the calculated value of Jaxsta must then be reduced to 80% of the total, to match the value of the Total Consideration with the corresponding value received in Jaxsta.

9.6 DCF Model: Valuation

Utilising the inputs and other relevant information listed above, we have calculated the value of Jaxsta on a controlling interest, non-marketable basis, as follows:

Table 15

	Low WACC (17.8%)	Mid-Point	High WACC (19.8%)
Present Value of Jaxsta Forecast Cashflows (current – 2022)	18,660,516	17,865,969	17,071,422
Terminal Value of Jaxsta Business (discounted to present value)	28,405,640	25,423,786	22,441,932
Discounted Equity Value of Jaxsta	**47,066,156**	**43,289,755**	**39,513,354**
Control premium (20%)	9,413,231	8,657,951	7,902,671
Marketability discount (16%)	(9,036,702)	(8,311,633)	(7,586,564)
Equity Value (controlling, non-marketable interest)	**47,442,685**	**43,636,073**	**39,829,461**
80% of Equity Value (proportion subject to acquisition by Mobilarm)	**37,954,148**	**34,908,858**	**31,863,569**

We have determined the value of 80% of Jaxsta to be between $31,863,569 and $37,954,148, with a midpoint of $34,908,858. This value is in excess of the value of the Total Consideration to be issued, per Section 8.4.

9.7 Quoted Market Price (comparative valuation)

After detailed evaluation of available model types, we chose to utilize the QMP model for comparison purposes with our DCF model. We gave consideration to the Net Asset Value method, however the major asset of Jaxsta is Intangible in nature, which this model type does not account for.

For the purposes of this exercise, we will apply the QMP model to the share price of Mobilarm, as a proxy for the value of Jaxsta. Given QMP models assume perfect markets, we could then infer that the market capitalization of Mobilarm currently is indicative of the market's attributed value for Jaxsta, which will be its main business going forward.

On this basis, using the share price values already calculated in Section 8 (on a pre-consolidation basis), the market capitalization of Mobilarm is between $4,715,804 and $9,962,391 depending on the VWAP applied.

However, evaluating the determinants of the current share price, it is also worth noting the following:

1) When the deal to acquire Jaxsta was announced, the shares of the Company were suspended, making any analysis of market response to the announcement moot;
2) While Mobilarm was trading between 16 February 2018 and 30 May 2018, there was very limited trading in the shares of the Company. This may well be due to none of the transactions announced having shareholder approval yet, which makes this type of price analysis premature; and
3) The deal to acquire Jaxsta was announced at the same time as the deal to dispose of Marine Rescue Technologies Ltd (Mobilarm's current main subsidiary), and complete a capital raising. Any of these three items could be driving the share price currently, and there is no method by which we can separate their effects.

On the basis of the above points, we cannot place significant reliance on the outcome of the QMP model in this instance, as its drivers are too uncertain. As such, our conclusions will be based solely on the discounted cashflow model, as calculated in Section 9.6.

10. Are the terms of the Transaction Fair and Reasonable?

10.1 Is the proposed transaction fair?

The comparison of the value of 80% of Jaxsta (Section 9) to the Total Consideration payable (Section 8) is shown in the table below:

Table 16

	Low - WACC	High - WACC
	$	$
Total Consideration Payable (maximum)	27,807,438	27,807,438
Calculated Value of Jaxsta (80% holding)	37,954,148	31,863,569

We note from the table above that the total consideration payable is less than the valuation of 80% of Jaxsta using the DCF model. Therefore, we have determined that the consideration payable under the proposed transaction is fair.

10.2 Is the proposed transaction reasonable?

RG 111 specifies that a transaction is considered reasonable if it is fair. As per 10.1, the value of Jaxsta exceeding the value of consideration payable by Mobilarm means the transaction is fair, and hence is considered reasonable.

The transaction might also be reasonable if, despite not being fair, there are sufficient reasons for the shareholders to approve the transaction, in the absence of an alternative.

We have considered the following factors in forming an opinion as to whether the acquisition of Jaxsta is reasonable and where it is practicable to do so with sufficient precision, we have quantified these factors.

10.2.1 Alternative Proposal

We are unaware of any alternative proposal that might offer the Shareholders of Mobilarm a premium in asset acquisition, over the acquisition of Jaxsta.

10.2.2 Consequences of not Approving the acquisition of Jaxsta by Mobilarm

We have considered the current structure of Mobilarm, in light of its planned disposal of Marine Rescue Technologies Ltd, its current main operating subsidiary, and note that there are currently no alternative prospects which Mobilarm has identified as an alternative to acquiring Jaxsta. In light of this, not approving the acquisition would leave Management to search for other opportunities, and the Company without an immediate strategic direction, or a revenue generating asset.

10.2.3 Advantages of Approving Mobilarm's acquisition of 80% of Jaxsta

We have considered the following advantages when assessing whether the proposed transaction is reasonable.

Table 17

Advantage	Description
New strategic direction	The proposed acquisition offers the Company a new opportunity to change its business focus to that of an official music database, an opportunity that is already generating global interest.
Capital raising & cashflow	The transaction includes a clause to complete a capital raising of not less than $5,000,000. This will be sufficient funds to implement a new growth strategy in support of the Jaxsta asset.
Ownership & control	The transaction allows the Company to obtain full control – 100% shareholding – of the Jaxsta business, gaining full ownership and participation in all future profits of the business.

10.2.4 Disadvantages of Approving Mobilarm's acquisition of 80% of Jaxsta

If the issue of the Total Consideration is approved, in our opinion, the potential disadvantages to Shareholders include those listed in the table below:

Table 18

Disadvantage	Description
Change in nature & scale	The acquisition of Jaxsta represents a substantial change in the nature of the business, as well as its scale. This may not be consistent with the historical or current objectives of all shareholders.
Dilution	The Transaction requires a capital raising to proceed, and the issue of the Total Consideration, which will have a dilutionary effect on the holdings of existing Shareholders.

11. Conclusion

We have considered the terms of the Transaction, as outlined in the body of this report and have concluded that **the Terms of the Transaction are both fair and reasonable to the Shareholders of Mobilarm.**

Yours faithfully

ELDERTON CAPITAL PTY LTD

Nicholas Hollens
Director

Appendix 1 – Sources of information

This report has been based on the following information:

- Draft Notice of General Meeting and Explanatory Statement on or about the date of this report;
- Audited financial statements of Mobilarm for the years ended 30 June 2017 and 30 June 2016;
- Reviewed financial statements of Mobilarm for the half year ended 31 December 2017;
- Share registry information;
- Information in the public domain; and
- Discussions with Directors and Management of Mobilarm.

Appendix 2 – Declarations and Disclosures

Independence

Elderton Capital Pty Ltd is entitled to receive a fee of $15,000 (excluding GST and reimbursement of out of pocket expenses). Except for this fee, Elderton Capital Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

Elderton Capital Pty Ltd has been indemnified by Mobilarm in respect of any claim arising from Elderton Capital Pty Ltd's reliance on information provided by Mobilarm, including the non-provision of material information, in relation to the preparation of this report.

Prior to accepting this engagement Elderton Capital Pty Ltd Pty Ltd has considered its independence with respect to Mobilarm and any of its respective associates with reference to ASIC Regulatory Guide 112 "Independence of Experts". In Elderton Capital Pty Ltd's opinion it is independent of Mobilarm and the related parties under review in this Report.

Neither the signatory to this report, nor Elderton Capital Pty Ltd, have had within the past two years any professional relationship with Mobilarm, or their associates, other than in connection with the preparation of this report.

A draft of this report was provided to Mobilarm and its advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this report as a result of this review.

Qualifications

Elderton Capital Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

Elderton Capital Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investment Commission for giving expert reports pursuant to the Listing rules of the ASX and the *Corporations Act 2001*.

The person specifically involved in preparing and reviewing this report was Nick Hollens of Elderton Capital Pty Ltd.

Mr Hollens has significant experience in the preparation of independent expert reports and valuations, as well as the provision of mergers and acquisitions advice across a wide range of industries in Australia and he was supported by other Elderton Capital Pty Ltd staff.

Disclaimers and consents

This report has been prepared at the request of Mobilarm for inclusion in the Notice of Meeting which will be sent to all Mobilarm Shareholders. Mobilarm engaged Elderton Capital Pty Ltd to prepare an independent expert's report to consider the proposal for Mobilarm to acquire the remaining 80% of Jaxsta Holdings Pty Ltd.

Elderton Capital Pty Ltd hereby consents to this report accompanying the above Notice of Meeting. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of Elderton Capita Pty Ltd.
Elderton Capita Pty Ltd takes no responsibility for the contents of the Notice of Meeting other than this report.

Elderton Capital Pty Ltd has not independently verified the information and explanations supplied to us, nor has it conducted anything in the nature of an audit or review of Mobilarm in accordance with standards issued by the Auditing and Assurance Standards Board. However, we have no reason to believe that any of the information or explanations so supplied are false or that material information has been withheld. It is not the role of Elderton Capital Pty Ltd acting as an independent expert to perform any due diligence procedures on behalf of the Company. Elderton Capital Pty Ltd provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.

The opinion of Elderton Capital Pty Ltd Pty Ltd is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in respect of the transactions, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to the Shareholders of Mobilarm, or any other party.

Elderton Capital Pty Ltd has also considered and relied upon independent property valuations for properties held by Mobilarm.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that Elderton Capital Pty Ltd has no obligation to update this report for events occurring subsequent to the date of this report.

Appendix 3 – Glossary of Terms

Reference	Definition
ASIC	Australian Securities and Investments Commission
AUASB	Australian Auditing and Assurance Standards Board
ASX	Australian Securities Exchange
Control	The power to alter the strategic and operational direction of a business
Consideration Shares	Shares to be issued as Consideration as part of the Transaction to acquire Jaxsta
DCF	Discounted Future Cash Flows
EBIT	Earnings before interest and tax
Elderton	Elderton Capital Pty Ltd Pty Ltd
FME	Future Maintainable Earnings
FOS	Financial Ombudsmen Service
FSG	Financial Services Guide
Going concern	A continuing business operation
Jaxsta	Jaxsta Holdings Pty Ltd
Jaxsta Warrant Shares	Shares to be issued in settlement of Jaxsta Warrants
Mobilarm	Mobilarm Limited
NAV	Net Asset Value
NOM	Notice of Meeting
Our Report	This Independent Expert's Report prepared by Elderton
RG111	Content of expert reports (March 2011)
RG112	Independence of experts (March 2011)
Shareholder Loan Repayment Shares	Shares to be issued in settlement of shareholder loans to Jaxsta
Shareholders	Shareholders of Mobilarm not associated with the transaction to acquire 80% of the shares in Jaxsta
The Act	The *Corporations Act 2001*
The Company	Mobilarm Limited
Total Consideration	The total of the Consideration Shares, Shareholder Loan Repayment Shares, and the Jaxsta Warrant Shares to be issued to acquire 80% of Jaxsta
Transaction	The acquisition of 80% of the share capital of Jaxsta by Mobilarm
VWAP	Volume Weighted Average Price

Appendix 4 – Valuation Methodologies

Methodologies commonly used for valuing assets and businesses are as follows:

Net asset value ("NAV")

Asset based methods estimate the market value of an entity's securities based on the realizable value of its identifiable net assets. Asset based methods include:

- Orderly realization of assets method
- Liquidation of assets method
- Net assets on a going concern method

The orderly realization of assets method estimates fair market value by determining the amount that would be distributed to entity holders, after payment of all liabilities including realization costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realization of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method estimates the market values of the net assets of an entity but does not take into account any realization costs.
Net assets on a going concern basis are usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity's valuation.
Often the FME and DCF methodologies are used in valuing assets forming part of the overall Net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity's value could exceed the realizable value of its assets as they do not recognize the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when an entity is not making an adequate return on its assets, a significant proportion of the entity's assets are liquid or for asset holding companies.

Quoted Market Price Basis ("QMP")

A valuation approach that can be used in conjunction with (or as a replacement for) other valuation methods is the quoted market price of listed securities. Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a "deep" market in that security.

Capitalization of future maintainable earnings ("FME")

This method places a value on the business by estimating the likely FME, capitalized at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.

The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax ("**EBIT**") or earnings before interest, tax, depreciation and amortization ("**EBITDA**"). The capitalization rate or "earnings multiple" is adjusted to reflect which base is being used for FME.

Discounted future cash flows ("DCF")

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital "**WACC**"). Considerable judgement is required to estimate the future cash flows which must be able to be reliably estimated for a sufficiently long period to make this valuation methodology appropriate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a startup phase, or experience irregular cash flows.

Discount rate – WACC
The discount rate to be used the DCF methodology to determine the value of an entity is that rate of return which an investor could expect to obtain by investing on other investments with comparable risk. This return is calculated by weighting the required returns on interest being debt and ordinary equity capital in proportion to their estimated percentages based on the expected capital structure.

Terminal value
It is common when applying a DCF methodology to value an asset or entity that is expected to have earnings indefinitely into the forseeable future to only have detailed cash flow forecasts for a relatively limited period of three to five years from the valuation date. It is therefore general valuation practice to take into account a terminal value when applying a DCF methodology to the valuation of an asset or entity that is expected to have earnings indefinitely into the forseeable future.

The terminal value of an entity at the end of a cash flow forecast period represents the value of the entity at that time which in turn reflects the net present value of the cash flows accruing beyond that period.
Equity Value
Once the enterprise value has been determined (based on the present value of forecast cash flows), adjustments are made to derive the equity value of the Company. The types of adjustments which are generally made include:

- deduction of any interest being debt and inclusion of any interest-bearing deposits;
- application of premiums and/or discounts to the equity value. The application of such premiums and discounts will depend upon the specific circumstances of the company which is being valued, including whether the company's shares suffer from any marketability restriction when compared to the shares from which the capitalization multiple was derived and whether a controlling or minority interest is being valued; and
- the addition of surplus assets and/or subtraction of surplus liabilities.

Market Based Assessment
The market based approach seeks to arrive at a value for a business by reference to comparable transactions involving the sale of similar businesses. This is based on the premise that companies with similar characteristics, such as operating in similar industries, command similar values. In performing this analysis it is important to acknowledge the differences between the comparable companies being analyzed and the company that is being valued and then to reflect these differences in the valuation.

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