

**MOBILARM LIMITED
(TO BE RENAMED "JAXSTA LIMITED")
ACN 106 513 580
SUPPLEMENTARY PROSPECTUS**

IMPORTANT INFORMATION

This is a supplementary prospectus (**Supplementary Prospectus**) which supplements the prospectus dated 7 September 2018 (**Prospectus**) issued by Mobilarm Limited (to be renamed, Jaxsta Limited") (ACN 106 513 580) (**Company**).

This Supplementary Prospectus is dated 28 September 2018 and was lodged with the ASIC on that date. The ASIC, the ASX and their respective officers take no responsibility for the contents of this Supplementary Prospectus.

This Supplementary Prospectus should be read together with the Prospectus. Other than as set out below, all details in relation to the Prospectus remain unchanged. Terms and abbreviations defined in the Prospectus have the same meaning in this Supplementary Prospectus. If there is a conflict between the Prospectus and this Supplementary Prospectus, this Supplementary Prospectus will prevail.

This Supplementary Prospectus will be issued with the Prospectus as an electronic prospectus, copies of which can be downloaded from the website of the Company at www.mobilarm.com.

This is an important document and should be read in its entirety. If you do not understand it, you should consult your professional advisers without delay.

1. PURPOSE OF THIS DOCUMENT

The Supplementary Prospectus has been prepared to provide investors with updated information in relation to the Prospectus, specifically:

- (a) providing an updated Investigating Accountant's Report from the Investigating Accountant which replaces the Investigating Accountant's Report in the Prospectus in its entirety and now includes:
 - (i) the historical Statement of Financial Position of Jaxsta as at 30 June 2016, 30 June 2017 and 31 December 2017; and
 - (ii) the historical Statement of Profit and Loss and Other Comprehensive Income of Jaxsta for the period from incorporation on 27 May 2016 to 30 June 2016, year ended 30 June 2017 and half year ended 31 December 2017;
- (b) clarifying existing disclosure around the use of funds;
- (c) providing an updated timetable; and
- (d) correcting certain typographical errors Prospectus.

2. AMENDMENTS TO THE PROSPECTUS

2.1 Indicative timetable

The Indicative timetable is amended to change the Closing Date. The new indicative timetable is as follows:

Lodgement of Prospectus with the ASIC	7 September 2018
Opening Date of the Offer	7 September 2018
Closing Date for Offer	31 October 2018
Issue of Shares under the Offer and Securities to be issued pursuant to the Acquisition Agreement	6 November 2018
Settlement of the Acquisition	6 November 2018
Closing Date of the Cleansing Offer	8 November 2018
Dispatch of Holding Statements	15 November 2018
Re-instatement to quotation of Securities (including Shares issued under the Offer) on ASX	16 November 2018

**The above dates are indicative only and may change without notice. The Company reserves the right to extend the Closing Date or close the Offer early without prior notice. The Company also reserves the right not to proceed with any of the Offer at any time before the issue of Shares to Applicants.*

^ The above stated date for Settlement of the Acquisition is only a good faith estimate by the Directors and may have to be extended.

2.2 Section 3.6 – Use of funds

Although no material change is made to the table in the use of funds, the Company notes that, as set out in Note 2 to the table in Section 3.6, funds shown as 'Existing cash reserves' are funds to be received prior to the re-instatement of the Company to trading on ASX from the sale of the MRT Business, being the first \$1,000,000 (payable on completion of the disposal) of a total consideration of \$6,000,000.

As shown in the financial records set out in Section 7, as at 31 December 2017, the Company had \$381,532 in cash and cash equivalents. In the intervening period, the Company has incurred further costs. The table in Section 3.6 outlines the funds available to the Company at the re-instatement to trading on the ASX, including funds raised under the Offer.

Further, as set out in Note 2, the Company has entered into an agreement to dispose of its MRT Business. The terms of the sale of the MRT Business are summarised in Section 9.4 of the Prospectus. The sale of the MRT Business includes \$5,000,000 of deferred consideration. The use of funds table does not include that deferred consideration, although the Company reasonably believes that it should be entitled to expect that those funds will be received based on the contract it has entered into as and when they are due to be received (summarised in Section 9.4 of the Prospectus). Investors should note the risk factor outlined in Sections 2 D(f) and Section 6.2(d) of the Prospectus in relation to the receipt of that deferred consideration.

2.3 Section 2 F – Financial Information

The first paragraph of Section 2 F of the Prospectus is replaced with the following:

The audited financial statements of Jaxsta, as well as the pro forma financial accounts for the combined entity as at 31 December 2017 are set out in Section 7 as part of the Investigating Accountant's Report.

2.4 Section 4.14 – Financial Information

Section 4.14 of the Prospectus is replaced with the following:

- (a) *The Investigating Accountant's Report contained in Section 7 of this Prospectus sets out:*
- (i) *the audited Statement of Financial Position of Jaxsta as at 30 June 2016, 30 June 2017 and 31 December 2017;*
 - (ii) *the audited Statement of Profit and Loss and Other Comprehensive Income of Jaxsta for the period from 27 May 2016 to 30 June 2016, year ended 30 June 2017 and half year ended 31 December 2017; and*
 - (iii) *the reviewed pro-forma Statement of Financial Position of Mobilarm (after Settlement of the Acquisition) as at 31 December 2017.*

Investors are urged to read the Investigating Accountant's Report in full.

The full financial statements for Mobilarm for its financial years ended 30 June 2016 and 30 June 2017, which include the notes to the financial statements, can be found from Mobilarm's ASX announcements platform on www.asx.com.au.

2.5 Section 7 – Investigating Accountant's Report

The Investigating Accountant's Report included in Section 7 of the Prospectus is deleted and replaced with the revised Investigating Accountant's Report set out in Annexure A to this Supplementary Prospectus.

2.6 Typographical errors

- (a) References to "DKF PA Partners" as the auditor of Jaxsta in the Corporate Directory and Section 10.8 are deleted and replaced with "PA Audit Pty Ltd".
- (b) References to "Elderton Capital" as the Investigating Accountant in Section 10.8 are deleted and replaced with "Greenwich & Co Audit Pty Ltd".

3. NEW APPLICATIONS

The Company confirms that since the lodgement of the Prospectus no Applications have been accepted by the Company that would require the Company to consider allowing those applicants to withdraw their Application under Section 724(2)(b) of the Corporations Act.

New applications for Shares on and from the date of this Supplementary Prospectus **must** be made using the Supplementary Application Form attached to or accompanying this Supplementary Prospectus. The Supplementary Application Form contains detailed instructions on how it is to be completed.

Applications made on the Application Form attached to or accompanying the Prospectus on or after the date of this Supplementary Prospectus will not be valid.

4. CONSENTS

The Company confirms that as at the date of this Supplementary Prospectus, each of the parties that have been named as having consented to being named in the Prospectus have not withdrawn that consent.

Greenwich & Co Audit Pty Ltd has given its written consent to being named as Investigating Accountant of the Company in this Supplementary Prospectus and to the inclusion of the Investigating Accountant's Report in this Supplementary Prospectus in the form and context in which the information and report is included. Greenwich & Co Audit Pty Ltd has not withdrawn its consent prior to lodgement of this Supplementary Prospectus with the ASIC.

PA Audit Pty Ltd has given its written consent to being named in this Supplementary Prospectus as the auditor of Jaxsta and to the inclusion of the audited financial statements for Jaxsta (as described in Section 4.14 of the Prospectus (as amended by the Supplementary Prospectus)) in the Investigating Accountant's Report and has not withdrawn its consent prior to lodgement of this Supplementary Prospectus with the ASIC.

Walker Wayland Audit (WA) Pty Ltd has given its written consent to being named in this Supplementary Prospectus as the auditor of Mobilarm and to the inclusion of the reviewed financial statements for Mobilarm (as described in Section 4.14 of the Prospectus (as amended by the Supplementary Prospectus)) in the Investigating Accountant's Report and has not withdrawn its consent prior to lodgement of this Supplementary Prospectus with the ASIC.

5. DIRECTORS' AUTHORISATION

This Supplementary Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Supplementary Prospectus with the ASIC.



Robert "Ken" Gaunt
Director and Chief Executive Officer
For and on behalf of
MOBILARM LIMITED

ANNEXURE A – INVESTIGATING ACCOUNTANT'S REPORT



25 September 2018

The Directors
Mobilarm Limited
2/3 Roberts Street
Osborne Park WA 6916

Dear Sirs

Investigating Accountant's Report

1. Introduction

The directors of Mobilarm Limited ("**Mobilarm**") have requested Greenwich & Co Audit Pty Ltd ("**Greenwich & Co**") to prepare an Investigating Accountant's Report ("**Report**") for inclusion in a prospectus dated on or around 7 September 2018 ("**Prospectus**"), relating to, among other things:

- Entering into a binding agreement to dispose of its 100% interest in its main subsidiary Marine Rescue Technologies Ltd ("MRT") for a total consideration of \$6,000,000 with \$1,000,000 being payable on completion, the remaining \$5,000,000 being payable as follows: \$1,000,000 on the 1st anniversary of the date of completion and the remaining \$4,000,000 on the 2nd anniversary of completion.
- Entering into an agreement to purchase the remaining 80% of the share capital of Jaxsta Holdings Pty Ltd, not already owned by Mobilarm, with the consideration for the acquisition being the issue of a maximum of 115,420,126 fully paid shares in the company, plus the issue of 2,000,000 fully paid shares in the company to settle shareholder loans currently owed by Jaxsta and 408,000 fully paid ordinary shares in the company to the Jaxsta Warrant Holders.

Further details of the above and associated transactions are listed in Note 2 of Appendix 1 to this Report. All amounts stated in this report are in Australian Dollars unless otherwise indicated. All the terms used in this Report have the same meaning as the terms used and defined in the Prospectus unless otherwise defined in this Report.

2. Scope

Greenwich & Co has been engaged by the Directors of Mobilarm to review the following ("**Financial Information**"):

- Historical Statement of Financial Position of Mobilarm as at 31 December 2017 and Historical Statement of Profit or Loss and Other Comprehensive Income of Mobilarm for the period then ended ("**the Mobilarm Historical Financial Information**");
- Historical Statement of Financial Position of Jaxsta Holdings Pty Ltd and its subsidiaries ("Jaxsta") as at 30 June 2016, 30 June 2017 and for 31 December 2017 and the Historical Statement of Profit and Loss and Other Comprehensive Income of Jaxsta for the period 27 May 2016 to 30 June 2016, the year ended 30 June 2017 and for the period ending 31 December 2017 ("**the Jaxsta Historical Financial Information**"). (See Appendix 2)
- Pro-forma Statement of Financial Position of Mobilarm following the various transactions as set out above ("**Pro-Forma Financial Information**").

The Mobilarm Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and Mobilarm's adopted accounting policies. The Pro-Forma Financial Information has been derived from the Historical Financial Information referred to above, after adjusting for transactions and assumptions, including significant transactions subsequent to 31 December 2017, as if they had occurred at 31 December 2017. These transactions and assumptions

are detailed in Note 2 of Appendix 1. Due to its nature, the Pro-Forma Financial Information does not represent Mobilarm's actual or prospective financial position or financial performance.

The Historical Financial Information and Pro-Forma Financial Information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

The Mobilarm Historical Financial Information is based on the Financial Statements of Mobilarm for the period ended 31 December 2017 that were reviewed by Walker Wayland Audit (WA) Pty Ltd who issued an unqualified opinion on them. The audit report contained an emphasis of matter relating to the use of the going concern basis of preparation in the financial statements.

The Jaxsta Historical Financial Information is based on the Financial Statements of Jaxsta for the periods ended 30 June 2016, 30 June 2017, and 31 December 2017 that were audited by PA Audit Pty Ltd who issued an unqualified opinion on them. The audit report contained an emphasis of matter relating to the Basis of Accounting.

This Report does not address the rights attaching to the securities to be issued in accordance with the Prospectus, nor the risks associated with the investment. We have not been requested to consider the prospects for Mobilarm, the securities on offer and related pricing issues, nor the merits and risks associated with becoming a shareholder and accordingly, have not done so, nor do we purport to do so. We accordingly, take no responsibility for those matters or any other matter or omission in the Prospectus, other than the responsibility for this Report. The risk factors are set out in Section 4 of the Prospectus.

3. Background

The Company was admitted to the official list of the ASX on 21 September 2010 (ASX Code: MBO).

The principal activities of the Company relate to the research and development, manufacture, service and sale or rental of Man Overboard Safety Systems.

The Company is currently in the process of disposing of its major subsidiary Marine Rescue Technology ("MRT") and acquiring Jaxsta Holdings Pty Ltd. Jaxsta's principal activity is the music database platforms.

4. Responsibility for the Financial Information

The directors of Mobilarm are responsible for the preparation and presentation of the Mobilarm Historical Financial Information and the Pro-Forma Financial Information, including the selection and determination of the Pro-Forma adjustments. They are also responsible for all assumptions, judgements and estimates, used in the Historical Financial Information and included in the Pro-Forma Financial Information.

This responsibility includes establishing and maintaining internal control relevant to the preparation of the Historical and Pro-Forma Financial Information that is free from material misstatement which is due to fraud and error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The directors of Mobilarm are also responsible for all information contained within the Prospectus.

5. Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Financial Information based on the procedures performed and the evidence we have obtained. We have conducted our review engagement in accordance with Australian Standard on Assurance Engagements (ASAE) 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

In connection with the review, we made such enquiries and performed such procedures as we, in our professional judgement, considered reasonable in the circumstances.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit report. For the purposes of this Report, we have not performed an audit and accordingly do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the Financial Information.

6. Conclusion

Historical Financial Information

Conclusion

Based on our review, which was not an audit, nothing has come to our attention which would cause us to believe that the Mobilarm Historical Financial Information, as shown in abbreviated form in Appendix 1 to this Report, and comprising:

- The Statement of Profit or Loss and Other Comprehensive Income of Mobilarm for the period ended 31 December 2017; and
- The Statement of Financial Position of Mobilarm as at 31 December 2017;

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Note 3 of Appendix 1.

Based on our review, which was not an audit, nothing has come to our attention which would cause us to believe that the Jaxsta Historical Financial Information, as shown in abbreviated form in Appendix 2 to this Report, and comprising:

- The Statement of Profit or Loss and Other Comprehensive Income of Jaxsta for the period 15 August to 30 June 2016, year ended 30 June 2017 and half year ended 31 December 2017; and
- The Statement of Financial Position of Jaxsta as at 30 June 2016, 30 June 2017 and 31 December 2017 is not presented fairly, in all material respects, in accordance with the state basis of preparation as described the Accounting Policies of the Jaxsta Financial Statements, included in Appendix 3.

Pro-Forma Financial Information

Conclusion

Based on our review, which was not an audit, nothing has come to our attention which would cause us to believe that the Pro-forma Financial Information, comprising the Pro-Forma Statement of Financial Position of Mobilarm as at 31 December 2017 is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Notes 2 and 3 of Appendix 1.

Emphasis of matter

Without qualifying our conclusion, we draw attention to Note 3 of Appendix 1, which indicates that the going concern basis is dependent upon the pro-forma transactions and assumptions as set out in Note 2 of Appendix 1 occurring. These conditions indicate the existence of material uncertainty that may cast significant doubt about Mobilarm's ability to continue as a going concern if the pro-forma transactions and assumptions do not occur as set out in Note 2 of Appendix 1 and therefore were the pro-forma transactions and assumptions not to occur, Mobilarm may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the Financial Information.

7. Subsequent Events

Apart from the matters dealt with in this Report, including transactions and events listed in Note 2 of Appendix 1 to this Report, and having regard to the scope of our Report, to the best of our knowledge and belief, there have been no other material items, transactions, or events outside the normal course of business, subsequent to 31 December 2017, that have come to our attention during the course of our engagement that would require comment on, or adjustment to, the information referred to in our Report, or that would cause such information to be misleading or deceptive.

8. Declaration

Greenwich & Co are responsible for this Report.

The Historical Financial Information presented in Appendix 1 has been prepared by the directors of Mobilarm and is their responsibility. The Pro-Forma Financial Information has been prepared by the directors of Mobilarm and is their responsibility. This report is strictly limited to the matters contained herein and is not to be read as extending by implication or otherwise to any other matter.

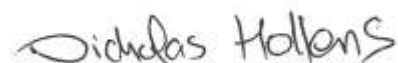
Greenwich & Co do not have any interest that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion in relation to this matter. Greenwich & Co is not the auditor of Mobilarm, the review of the financial statements for the 6 months ended 31 December 2017 was carried out by Walker Wayland Audit (WA) Pty Ltd

. Except for fees relating to this Report and, from fees relating to the preparation of an Independent Experts Report, which are based on normal commercial terms, Greenwich & Co does not have any interest in Mobilarm or in the outcome of the Offer. Greenwich & Co have not made, and will not make, any recommendation through the issue of this Report to potential investors of Mobilarm as to the merit of the investment.

Greenwich & Co were not involved in the preparation of any part of the Prospectus, and accordingly, make no representations or warranties as to the completeness and accuracy of any information contained in any other part of the Prospectus.

Consent for the inclusion of this Report in the Prospectus in the form and context in which it appears has been given. At the date of this Report, this consent has not been withdrawn.

Yours faithfully

A handwritten signature in dark ink that reads "Nicholas Hollens". The signature is written in a cursive, slightly stylized font.

Nicholas Hollens
Director
Greenwich & Co Audit Pty Ltd
Level 2, 35 Outram Street
West Perth WA 6005

Date: 25 September 2018

Appendix 1

1. Historical and Pro-Forma Financial Information

1a. Mobilarm Historical and Pro-Forma Statement of Financial Position as at 31 December 2017

		Mobilarm As at 31 December 2017 (reviewed)	Pro-Forma adjustments (Sale of MRT) as at 31 December 2017	Pro-Forma adjustments – Acquisition of Jaxsta Pty Ltd 31 December 2017	Pro-Forma – Min Subscription as at 31 December 2017	Pro-Forma – Max Subscription as at 31 December 2017
	Note	\$	\$			
Current Assets						
Cash and cash equivalents	4	381,532	643,394	4,453,663	5,478,589	7,358,589
Trade & other receivables		779,313	(779,313)	18,007	18,007	18,007
Inventories		1,897,252	(1,897,252)	-	-	-
Other current assets		1,539,250	(82,201)	(711,282)	745,767	745,767
Deferred consideration		-	1,000,000	-	1,000,000	1,000,000
Total Current Assets		4,597,347	(1,115,372)	3,760,388	7,242,363	9,122,363
Non-Current Assets						
Plant and equipment	5	776,643	(776,643)	478,401	478,401	478,401
Intangible assets and goodwill		2,334,958	(2,363,671)	25,836,877	25,808,164	25,808,164
Investment in other businesses		1,500,000	-	(1,500,000)	-	-
Deferred consideration		-	4,000,000	-	4,000,000	4,000,000
Total Non-Current Assets		4,611,601	859,686	24,815,278	30,286,565	30,286,565
Total Assets		9,208,948	(255,686)	28,575,666	37,528,928	39,408,928
Current Liabilities						
Trade and other payables		1,282,062	(987,406)	586,869	881,525	881,525
Interest bearing loans and borrowings		3,907,703	-	(2,447,945)	1,459,758	1,459,758
Provisions		93,128	(59,661)	100,000	133,467	133,467
Total Current Liabilities		5,282,893	(1,047,067)	(1,761,076)	2,474,750	2,474,750
Non-Current Liabilities						
Provisions		53,212	(18,380)	-	34,832	34,832
Interest bearing loans		-	778	280,680	281,458	281,458
Total Non Current Liabilities		53,212	(17,602)	280,680	316,290	316,290
Total Liabilities		5,336,105	(1,064,669)	(1,480,396)	2,791,040	2,791,040
Net Assets		3,872,843	808,983	30,056,062	34,737,888	36,617,888
Contributed equity	6	30,601,809	4,542,294	37,309,843	72,453,946	74,333,946
Accumulated losses		(28,385,380)	(4,219,636)	(7,253,781)	(39,858,797)	(39,858,797)
Reserves	7	1,656,414	486,325	-	2,142,739	2,142,739
Total Equity		3,872,843	808,983	30,056,062	34,737,888	36,617,888

The above statement should be read in accordance with the accompanying notes.

The above statement should be read in accordance with the accompanying notes.

Mobilarm Historical Statement of Profit or Loss and Other Comprehensive Income for the Period Ended 31 December 2017

	MBO	Sale of MRT	Acquisition of Jaxsta	Performa JXT Min	Performa JXT Max
Sale of goods	1,378,732	1,378,732	-	-	-
Rentals recognised as revenue	663,897	663,897	-	-	-
Total Revenue	2,042,629	2,042,629	-	-	-
Costs of sales	(430,549)	(430,549)	-	-	-
Depreciation of units under rental	117,995	(117,995)	-	-	-
Interest income	535	(535)	-	-	-
Grant income	-	-	583,652	583,652	583,652
Operating Expenses	2,139,309	(2,139,309)	1,494,147	1,494,147	1,494,147
Profit/(Loss) before income tax	644,689	(644,689)	910,495	910,495	910,495
Income tax expenses/(benefit)	-	-	-	-	-
Loss from operations after income tax	644,689	(644,689)	910,495	910,495	910,495
Other comprehensive Income	-	-	-	-	-
Foreign currency translation reserve movement	49,679	49,679	-	-	-
Total comprehensive loss for the period	595,010	595,010	910,495	910,495	910,495

2. Pro-Forma Transactions and Assumptions

Pro-forma assumptions and transactions:

- a) As outlined in sections 9.4 of the Prospectus , entering into a binding agreement to dispose of the company's main subsidiary MRT for total consideration of \$6,000,000. The consideration is payable as follows: \$1,000,000 on completion of the Sale and Purchase Agreement, \$1,000,000 on the first anniversary of the date of completion and the remaining \$4,000,000 on the 2nd anniversary of completion.
- b) As outlined in sections 4.1 and 4.16 of the Prospectus, an offer of 106,991,795, 2,000,000 and 408,000 fully paid Shares at an issue price of \$0.20 per Share to acquire the remaining 80% of the issued share capital of Jaxsta Holdings Pty Ltd. The consideration of 106,991,795 was within the maximum number of share of 115,420,126 agreed to within the parties.
- c) The issue of a minimum of 25,000,000 and a maximum of up to 35,000,000 placement shares at an issue price of \$0.20 per share to raise a minimum of \$5,000,000 and a maximum of \$7,000,000.

3. Summary of Significant Accounting Policies

The significant accounting policies adopted in the preparation of the Financial Information are summarised below.

Basis of Reporting

The Financial Information has been prepared in accordance with the *Corporations Act 2001* and recognition and measurement requirements (but not all disclosure requirements) of Australian Accounting Standards and Australian Accounting Interpretations adopted by the Australian Accounting Standards Board. The Financial Information covers Mobilarm Limited, a public company, incorporated and domiciled in Australia ("Mobilarm"). The Financial Information is presented in Australian dollars. The Financial Information has been prepared on an accrual basis and is based on historical costs. Cost is based on the fair value of the consideration given in exchange for assets.

Going concern

The Financial Information has been prepared on the going concern basis. Mobilarm incurred a loss for the 6 months ended 31 December 2017 of \$644,680 (12 months to 30 June 2017 \$930,057). Significant transactions that have occurred since 31 December 2017 are outlined at Note 2. The going concern basis is dependent upon the pro-forma transactions and assumptions outlined above in Note 2 occurring or Mobilarm raising additional capital to pay its debts as and when they fall due. In the Directors' opinion these events will be achieved and therefore Mobilarm will be able to continue as a going concern and therefore realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in the Financial Information.

Should Mobilarm be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those in the Financial Information. The Financial Information does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessarily incurred should Mobilarm not continue as a going concern.

Significant accounting policies

Accounting policies are selected and applied in a manner which ensures that the resulting Financial Information satisfies the concepts of relevance and reliability, and that the substance of underlying transactions and other events is reported. The following significant accounting policies have been adopted in the preparation and presentation of the Financial Information:

Accounting Policies

(a) Income tax

The income tax expense for the year comprises current income tax expense and deferred tax expense.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses, if any in fact are brought to account.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Information. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated 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 enacted or substantively enacted at reporting date. Their measurement also reflects the way management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(b) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

(c) Impairment of Assets

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use. For other assets, at each reporting date, Mobilarm review the carrying values of their tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Profit or Loss and Other Comprehensive Income.

(d) Plant and Equipment

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

The carrying amounts of plant and equipment are reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

(e) Financial Instruments

Recognition and Initial Measurement

Financial assets and financial liabilities are recognised when Mobilarm becomes party to the contractual provisions to the instrument.

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified at fair value through profit and loss, in which case transaction costs are expensed to profit and loss immediately.

Classification and Subsequent Measurement

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

the amount at which the financial asset or financial liability is measured at initial recognition;

less principal repayments;

plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and

less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit and loss.

Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

(f) Provisions

Provisions are recognised when Mobilarm have a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result, and that outflow can be reliably measured.

(g) Contributed Equity

Ordinary share capital is recognised at the fair value of the consideration received by Mobilarm. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(h) Share based payments

The fair value of options granted is recognised as an expense with a corresponding increase in equity, unless the options are costs of capital in which case the options granted are recognised in equity only. The fair value of shares or performance rights is ascertained as the market bid price. The fair value of the options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. The number of shares and options expected to vest is reviewed and adjusted at each reporting date (except where the change in expectation relates to market conditions) such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

(i) Accounting estimates and judgements

Impairment

Mobilarm assess whether there are indications of impairment at each reporting date. Where an impairment indicator exists, the recoverable amount of the asset is determined. Calculations performed in assessing recoverable amounts incorporate a number of estimates.

Share based payments

Share based payments in the form of options are valued using pricing models. Models use assumptions and estimates as inputs.

4. Cash and cash equivalents

	Note	Min subscription \$	Max subscription \$
Balance of cash and cash equivalents at 31 December 2017		381,532	381,532
Add Subsequent events:			
- Sale of MRT	2.a)	1,000,000	1,000,000
- MRT cash at 31 December 2017		(356,606)	(356,606)
- Jaxsta cash at 31 December 2017		3,663	3,663
- Jaxsta Pre IPO raise		3,466,015	3,466,015
- Jaxsta Pre IPO expenditure		(3,466,015)	(3,466,015)
Add Pro-Forma adjustments:			
- Offer	2.c)	5,000,000	7,000,000
- Costs of the offer		(550,000)	(670,000)
Pro-Forma balance of cash and cash equivalents		5,478,589	7,358,589

The funds from the Jaxsta Pre IPO raise are not included in the Use of Funds in Section 3.6 of the Prospectus as they have been spent in the interim period as part of normal operations and the costs of the merger into Mobilarm Limited.

5. Intangible Assets and Goodwill

	Note	\$
Balance of Intangible assets and Goodwill at 31 December 2017		2,334,958
Adjust Subsequent events:		
- Disposal of MRT Goodwill	2.a)	(2,363,671)
- Jaxsta Intangible at 31 December 2017		4,235,515
Add Pro-Forma adjustment:		
- Acquisition of Jaxsta *		19,351,362
- Elimination of investment in Jaxsta		2,250,000
Pro-Forma balance of Intangible Assets and Goodwill		25,808,164

* Purchase price of Jaxsta	21,398,359
Wet assets at date of acquisition	(2,046,997)
	19,351,362

5.a) Jaxsta Enterprises – Goodwill

Jaxsta Holdings Pty Ltd incorporated on 27 May 2016. However, the Jaxsta business had been operating for a longer period before that – since 17 April 2015 – through Jaxsta Enterprises Pty Ltd.

The results of Jaxsta Enterprises Pty Ltd for the period 17 April 2015 – 26 May 2016 have been incorporated in the financial statements of Jaxsta Holdings Pty Ltd for the period ended 30 June 2016 through the calculation of Goodwill on acquisition of Jaxsta Enterprises Pty Ltd by Jaxsta Holdings Pty Ltd.

The calculation of goodwill on acquisition is as follows:

	27 May 2016 (\$)
Consideration (in shares)	3,000,000
<i>Less equity of Jaxsta Enterprises Pty Ltd:</i>	
Share Capital	(10)
Accumulated Losses	1,025,924
Goodwill	4,025,914

On consolidation with Jaxsta Holdings Pty Ltd, these historical results of Jaxsta Enterprises Pty Ltd are incorporated in this Goodwill asset, representing the development of the business' assets up to that date.

6. Contributed equity

	Note	Min Subscription Number of Shares	Min Subscription \$	Max Subscription Number of Shares	Max Subscription \$
Balance of contributed equity at 31 December 2017		493,119,559	30,601,809	493,119,559	30,601,809
Add Subsequent event:					
- Conversion of Performance Share Rights		5,000,000	-	5,000,000	-
- Share consolidation 1 for 10		(448,307,453)	-	(448,307,453)	-
		49,812,106	30,601,809	49,812,106	30,601,809
- Performance shares		550,000	-	550,000	-
- Conversion of loan		32,000,000	-	32,000,000	-
Shares on issue at pre-acquisition		82,362,106	30,601,809	82,362,106	30,601,809
Shares issued re acquisition of Jaxsta Limited		109,399,795	32,859,844	109,399,795	32,859,844
Disposal of Marine Rescue Technologies Ltd		-	4,542,293	-	4,542,293
Add Pro-Forma adjustments:					
- Offer	2.c)	25,000,000	5,000,000	35,000,000	7,000,000
- Costs of the offer		-	(550,000)	-	(670,000)
Pro-Forma balance of contributed equity at 31 December 2017 ***		216,761,901	72,453,946	226,761,901	74,333,946

7. Reserves

	Note	\$
Balance of reserves at 31 December 2017		1,656,414
Add Subsequent events:		
- Sale of Mobilarm		486,325
Pro-Forma balance of reserves		<hr/> 2,142,739 <hr/>

8. Commitments

As outlined in Sections 9.2 of the Prospectus, Jaxsta has entered into a Metadata and Artwork Agreement with Sony Music Entertainment under which Jaxsta pays a fixed fee to Sony Music Entertainment.

9. Post balance date events

No matters or circumstances have arisen since 31 December 2017 which significantly affect the state of affairs of Mobilarm, other than the matters outlined above and those disclosed in the Prospectus.

10. Related party transactions

Related parties and related party transactions are outlined in Section 4.17 and 5.3 of the Prospectus.

Appendix 2

1. Historical Financial Information

1a. Jaxsta Statement of Profit and Loss and Other Comprehensive Income for the period 27 May 2016 to 30 June 2016 and the year ended 30 June 2017 and for the six months ending 31 December 2017.

	Audited Half Year Ended 31 December 2017	Audited Full Year Ended 30 June 2017	Audited From 27 May 2016 to 30 June 2016
Other income	583,652	427,589	638
Employee costs	849,650	1,372,723	75,875
Depreciation and amortisation	43,966	87,932	49,921
Other expenses	598,263	1,634,027	23,820
Finance costs	2,268	-	-
Loss before income tax	910,495	2,667,093	148,978
Income tax expense	-	-	-
Loss from continuing operations	910,495	2,667,093	148,978
Other comprehensive income, net of income tax			
Other comprehensive income	-	-	-
Total comprehensive loss for the period	910,495	2,667,093	148,978

The Jaxsta business was operating from 17 April 2015, through Jaxsta Enterprises Pty Ltd. The results of this business, up till its date of acquisition by Jaxsta Holdings Pty Ltd, are incorporated into the financial statements of Jaxsta Holdings Pty Ltd for the period to 30 June 2016, via the calculation of the goodwill asset, which includes a component determined by the historical results of Jaxsta Enterprises Pty Ltd.

Please see Note 5.a) of Appendix 1 for further information on this calculation.

Statement of Financial Position

Jaxsta Statement of Financial Position at 30 June 2016, 30 June 2017 and 31 December 2017.

	Audited As at 31 December 2017	Audited As at 30 June 2017	Audited As at 30 June 2016
	\$	\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3,663	8,998	144,048
Trade and other receivables	18,007	21,794	15,142
Other assets	38,718	32,018	10,866
TOTAL CURRENT ASSETS	60,388	62,810	170,056
NON-CURRENT ASSETS			
Property, plant and equipment	478,401	501,101	231,754
Intangible assets	4,235,515	4,248,839	4,107,242
TOTAL NON-CURRENT ASSETS	4,713,916	4,749,940	4,338,996
TOTAL ASSETS	4,774,304	4,812,750	4,509,052
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	586,869	564,466	88,038
Current tax liabilities	1,459,758	69,909	-
Advances received	100,000	-	-
TOTAL CURRENT LIABILITIES	2,146,627	634,375	88,038
Borrowings	580,680	1,494,845	1,069,990
TOTAL NON-CURRENT LIABILITIES	580,680	1,494,845	1,069,990
TOTAL LIABILITIES	2,727,307	2,129,220	1,158,028
NET ASSETS	2,046,997	2,683,530	3,351,024
EQUITY			
Issue capital	5,773,563	5,499,602	3,500,002
Retained earnings	-3,726,566	-2,816,072	-148,978
TOTAL EQUITY	2,046,997	2,683,530	3,351,024

Statement of Cash Flows

Jaxsta Statement of Cash Flows for the period 27 May 2016 to 30 June 2016 and for the year ended 30 June 2017 and for the six months ending 31 December 2017.

	Audited half year ended December 2017	Audited year ended 30 June 2017	Audited period 27 May 2016 to 30 June 2016
	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipt from grants	598,716	427,589	638
Payments to suppliers and employees	-1,489,604	-2,488,199	-334,855
Interest received	30	-	-
Finance costs paid	-2,268	-	-
Net cash provided by (used in) operating activities	-893,126	-2,060,610	-334,217
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment	-7,800	-498,895	-21,737
Net cash provided by (used in) investing activities	-7,800	-498,895	-21,737
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	250,000	1,999,600	500,000
Proceeds from borrowings	545,593	424,855	-
Funds received in advance	100,000	-	-
Net cash provided by (used in) financing activities	895,593	2,424,455	500,000
Net increase/(decrease) in cash and cash equivalents held	-5,333	-135,050	144,046
Cash and cash equivalents at the beginning of the period	8,996	144,046	-
Cash and cash equivalents at the end of the period	3,663	8,996	144,046

Appendix 3

Full financial statements for Jaxsta for the periods ended 30 June 2016, 30 June 2017 and 31 December 2017, are attached herewith.

Jaxsta Holdings Pty Ltd

ACN : 612 656 372

Financial Statements

For the Period Ended 30 June 2016

Jaxsta Holdings Pty Ltd

ACN : 612 656 372

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For the Period Ended 30 June 2016

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Jaxsta Holdings Pty Ltd

ACN : 612 656 372

Directors' Report
For the Period Ended 30 June 2016

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

1. General information

Information on directors

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

Jacqueline Samantha Louez Schoorl appointed 27 May 2016

Louis Schoorl appointed 27 May 2016

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

Principal activities

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

2. Operating results and review of operations for the year

Operating results

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

3. Other items

Significant changes in state of affairs

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

Events after the reporting date

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

Future developments and results

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

Indemnification and insurance of officers and auditors

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

Auditor's independence declaration

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

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

Director:  _____
Jacqueline Samantha Louez Schoorl

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

Jaxsta Holdings Pty Ltd

ACN : 612 656 372

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

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

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

PA Audit Pty Ltd

PA AUDIT PTY LTD

Kathal Spence

**KATHAL SPENCE
DIRECTOR**

Fremantle, WA 6160
7 December 2017

Jaxsta Holdings Pty Ltd

ACN : 612 656 372

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

For the Period Ended 30 June 2016

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

The accompanying notes form part of these financial statements.

Jaxsta Holdings Pty Ltd

ACN : 612 656 372

Consolidated Statement of Financial Position
As At 30 June 2016

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

The accompanying notes form part of these financial statements.

Jaxsta Holdings Pty Ltd

ACN : 612 656 372

Consolidated Statement of Changes in Equity

For the Period Ended 30 June 2016

2016

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

The accompanying notes form part of these financial statements,

Jaxsta Holdings Pty Ltd

ACN : 612 656 372

Consolidated Statement of Cash Flows

For the Period Ended 30 June 2016

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

The accompanying notes form part of these financial statements.

Jaxsta Holdings Pty Ltd

ACN : 612 656 372

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

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

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

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

1 Basis of Preparation

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

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

2 Summary of Significant Accounting Policies

(a) Basis for consolidation

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

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

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

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

Subsidiary

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

(b) Income Tax

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

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

Jaxsta Holdings Pty Ltd

ACN : 612 656 372

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

2 Summary of Significant Accounting Policies

(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.

Jaxsta Holdings Pty Ltd

ACN : 612 656 372

Notes to the Consolidated Financial Statements

For the Period Ended 30 June 2016

2 Summary of Significant Accounting Policies

(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;

Jaxsta Holdings Pty Ltd

ACN : 612 656 372

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

2 Summary of Significant Accounting Policies

(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.

Jaxsta Holdings Pty Ltd

ACN : 612 656 372

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

2 Summary of Significant Accounting Policies

(h) Financial instruments

Held-to-maturity investments

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

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

Available-for-sale financial assets

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

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

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

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

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

Financial liabilities

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

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

Impairment of financial assets

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

Financial assets at amortised cost

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

Notes to the Consolidated Financial Statements

For the Period Ended 30 June 2016

2 Summary of Significant Accounting Policies

(h) Financial instruments

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

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

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

Available-for-sale financial assets

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

(i) Intangibles

Goodwill

Goodwill is calculated as the excess of the sum of:

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

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

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

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

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

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

Notes to the Consolidated Financial Statements

For the Period Ended 30 June 2016

2 Summary of Significant Accounting Policies

(j) Impairment of non-financial assets

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

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

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

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

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

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

(k) Cash and cash equivalents

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

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

(l) Share capital

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

(m) New Accounting Standards and Interpretations

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

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

Jaxsta Holdings Pty Ltd

ACN : 612 656 372

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

2 Summary of Significant Accounting Policies

(m) New Accounting Standards and Interpretations

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

Jaxsta Holdings Pty Ltd

ACN : 612 656 372

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

2 Summary of Significant Accounting Policies

(m) New Accounting Standards and Interpretations

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

Jaxsta Holdings Pty Ltd

ACN : 612 656 372

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

2 Summary of Significant Accounting Policies

(m) New Accounting Standards and Interpretations

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

3 Critical Accounting Estimates and Judgments

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

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

The significant estimates and judgements made have been described below.

Key estimates - impairment of property, plant and equipment

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

Key estimates - fair value of financial instruments

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

Jaxsta Holdings Pty Ltd

ACN : 612 656 372

Notes to the Consolidated Financial Statements

For the Period Ended 30 June 2016

3 Critical Accounting Estimates and Judgments

Key estimates - receivables

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

4 Revenue and Other Income

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

5 Cash and Cash Equivalents

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

Reconciliation of cash

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

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

6 Trade and Other Receivables

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

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

Jaxsta Holdings Pty Ltd

ACN : 612 656 372

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

7 Property, plant and equipment

PLANT AND EQUIPMENT

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

8 Intangible Assets

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

Jaxsta Holdings Pty Ltd

ACN : 612 656 372

Notes to the Consolidated Financial Statements

For the Period Ended 30 June 2016

9 Other Assets

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

10 Trade and Other Payables

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

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

11 Issued Capital

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

(a) Ordinary shares

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

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

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

Jaxsta Holdings Pty Ltd

ACN : 612 656 372

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

12 Interests in Subsidiaries

(a) Composition of the Group

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

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

13 Capital and Leasing Commitments

(a) Operating Leases

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

14 Contingencies

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

15 Events after the end of the Reporting Period

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

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

Jaxsta Holdings Pty Ltd

ACN : 612 656 372

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

16 Cash Flow Information

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

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

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

17 Registered office

The registered office of the company is:

Level 21 1 York Street
SYDNEY NSW 2000

The principal place of business is:

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

Jaxsta Holdings Pty Ltd

ACN : 612 656 372

Directors' Declaration

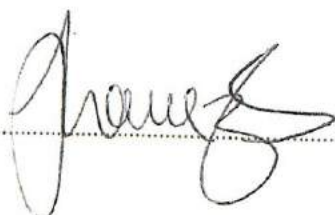
The directors have determined that the Company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 2 to the financial statements.

The directors of the Company declare that:

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

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

Director



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

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

Report on the Audit of the Financial Report

Opinion

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

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

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

Basis for Opinion

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

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

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

Emphasis of Matter - Basis of Accounting

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

Responsibilities of Directors for the Financial Report

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

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

PA Audit Pty Ltd

PA AUDIT PTY LTD



**KATHAL SPENCE
DIRECTOR**

Fremantle, WA 6160

7 December 2017

Jaxsta Holdings Pty Ltd

ACN : 612 656 372

Financial Statements

For the Year Ended 30 June 2017

Jaxsta Holdings Pty Ltd

ACN : 612 656 372

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For the Year Ended 30 June 2017

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Jaxsta Holdings Pty Ltd

ACN : 612 656 372

Directors' Report
For the Year Ended 30 June 2017

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

1. General information

Information on directors

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

Jacqueline Samantha Louez Schoorl appointed 27 May 2016
Louis Schoorl appointed 27 May 2016

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

Principal activities

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

2. Operating results and review of operations for the year

Operating results

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

3. Other items

Significant changes in state of affairs

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

Events after the reporting date

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

Future developments and results

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

Indemnification and insurance of officers and auditors

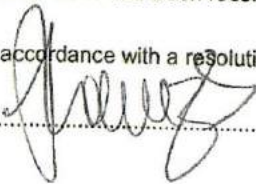
No indemnities have been given or insurance premiums paid, during or since the end of the financial period, for any person who is or has been an officer or auditor of Jaxsta Holdings Pty Ltd.

Auditor's independence declaration

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

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

Director:



.....
Jacqueline Samantha Louez Schoorl

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

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

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

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

PA Audit Pty Ltd

PA AUDIT PTY LTD

[Signature]

**KATHAL SPENCE
DIRECTOR**

Fremantle, WA 6160
7 December 2017

Jaxsta Holdings Pty Ltd

ACN : 612 656 372

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

For the Year Ended 30 June 2017

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

The accompanying notes form part of these financial statements.

Jaxsta Holdings Pty Ltd

ACN : 612 656 372

Consolidated Statement of Financial Position

As At 30 June 2017

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

The accompanying notes form part of these financial statements.

Jaxsta Holdings Pty Ltd

ACN : 612 656 372

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

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

2016

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

The accompanying notes form part of these financial statements.

Jaxsta Holdings Pty Ltd

ACN : 612 656 372

Consolidated Statement of Cash Flows

For the Period Ended 30 June 2017

	Note	2017 \$	2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		427,589	638
Payments to suppliers and employees		(2,488,199)	(334,855)
Net cash provided by/(used in) operating activities	16	(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.

Jaxsta Holdings Pty Ltd

ACN : 612 656 372

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

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

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

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

1 Basis of Preparation

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

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

2 Summary of Significant Accounting Policies

(a) Basis for consolidation

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

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

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

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

Subsidiary

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

(b) Income Tax

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

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

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

Notes to the Consolidated Financial Statements

For the Period Ended 30 June 2017

2 Summary of Significant Accounting Policies

(b) Income Tax

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

Deferred tax is not provided for the following:

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

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

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

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

(c) Leases

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

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

(d) Revenue and other income

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

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

Other income

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

(e) Borrowing costs

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

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

2 Summary of Significant Accounting Policies

(e) Borrowing costs

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

(f) Goods and services tax (GST)

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

Receivables and payable are stated inclusive of GST.

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

(g) Property, plant and equipment

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

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

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

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

(h) Financial instruments

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

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

Financial Assets

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

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

Notes to the Consolidated Financial Statements

For the Period Ended 30 June 2017

2 Summary of Significant Accounting Policies

(h) Financial instruments

- held-to-maturity investments.

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

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

Loans and receivables

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

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

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

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

Financial assets at fair value through profit or loss

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

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

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

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

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

Held-to-maturity investments

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

Notes to the Consolidated Financial Statements

For the Period Ended 30 June 2017

2 Summary of Significant Accounting Policies

(h) Financial instruments

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

Available-for-sale financial assets

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

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

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

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

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

Financial liabilities

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

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

Impairment of financial assets

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

Financial assets at amortised cost

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

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

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

Notes to the Consolidated Financial Statements

For the Period Ended 30 June 2017

2 Summary of Significant Accounting Policies

(h) Financial instruments

Available-for-sale financial assets

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

(i) Intangibles

Goodwill

Goodwill is calculated as the excess of the sum of:

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

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

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

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

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

(j) Impairment of non-financial assets

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

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

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

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

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

Jaxsta Holdings Pty Ltd

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

2 Summary of Significant Accounting Policies

(j) Impairment of non-financial assets

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

(k) Cash and cash equivalents

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

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

(l) Share capital

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

(m) New Accounting Standards and Interpretations

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

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

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Notes to the Consolidated Financial Statements

For the Period Ended 30 June 2017

2 Summary of Significant Accounting Policies

(m) New Accounting Standards and Interpretations

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

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Notes to the Consolidated Financial Statements

For the Period Ended 30 June 2017

2 Summary of Significant Accounting Policies

(m) New Accounting Standards and Interpretations

Standard Name	Effective date for Group	Requirements	Impact
AASB 9 Financial Instruments	Annual	Significant revisions to the	This Interpretation is not expected to significantly impact the Company's financial statements.
AASB 2010-7 Amendments to Australian Accounting	reporting	classification and measurement of	
Standards arising from AASB 9	periods	financial assets, reducing the	
(December 2009) AASB 2012-6 Amendments to Australian Accounting Standards –	beginning on	number of categories and simplifying	
Mandatory Effective Date of AASB 9 and Transitional Disclosures	or after 1	the measurement choices, including	
AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments	January 2018	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.	
AASB 2014-1 Amendments to Australian Accounting Standards		Amends measurement rules for financial liabilities that the entity elects to measure at fair value through profit and loss. Changes in fair value attributable to changes in the entity's own credit risk are presented in other comprehensive income.	
AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9		Chapter 6 Hedge Accounting supersedes the general hedge accounting requirements in IAS 39 Financial Instruments: Recognition and Measurement, which many consider to be too rules-based and arbitrary. Chapter 6 requirements include a new approach to hedge accounting that is intended to more closely align hedge accounting with risk management activities undertaken by entities when hedging financial and non-financial risks. Some of the key changes from IAS 39 are as follows:	
AASB 2014-8 Amendments to Australian Accounting Standards arising from AASB 9		<ul style="list-style-type: none"> •to allow hedge accounting of risk components of non-financial items that are identifiable and measurable (many of which were prohibited from being designated as hedged items under IAS 39); •changes in the accounting for the time value of options, the forward element of a forward contract and foreign-currency basis spreads designated as hedging instruments; and 	

Jaxsta Holdings Pty Ltd

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

2 Summary of Significant Accounting Policies

(m) New Accounting Standards and Interpretations

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

3 Critical Accounting Estimates and Judgments

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

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

The significant estimates and judgements made have been described below.

Key estimates - impairment of property, plant and equipment

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

Key estimates - fair value of financial instruments

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

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

3 Critical Accounting Estimates and Judgments

Key estimates - receivables

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

4 Revenue and Other Income

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

5 Cash and Cash Equivalents

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

Reconciliation of cash

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

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

6 Trade and Other Receivables

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

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

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

7 Property, plant and equipment

PLANT AND EQUIPMENT

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

8 Intangible Assets

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

Jaxsta Holdings Pty Ltd

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Notes to the Consolidated Financial Statements

For the Period Ended 30 June 2017

9 Other Assets

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

10 Trade and Other Payables

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

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

11 Issued Capital

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

(a) Ordinary shares

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

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

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

Jaxsta Holdings Pty Ltd

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

12 Interests in Subsidiaries

(a) Composition of the Group

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

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

13 Capital and Leasing Commitments

(a) Operating Leases

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

14 Contingencies

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

15 Events after the end of the Reporting Period

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

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

Jaxsta Holdings Pty Ltd

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

16 Cash Flow Information

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

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

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

17 Registered office

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

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

Jaxsta Holdings Pty Ltd

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Directors' Declaration

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

The directors of the Company declare that:

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

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

Director



Jacqueline Samantha Louez Schoorl

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

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

Report on the Audit of the Financial Report

Opinion

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

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

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

Basis for Opinion

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

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

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

Emphasis of Matter - Basis of Accounting

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

Responsibilities of Directors for the Financial Report

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

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

PA Audit Pty Ltd

PA AUDIT PTY LTD



**KATHAL SPENCE
DIRECTOR**

Fremantle, WA 6160

7 December 2017

Jaxsta Holdings Pty Ltd

ACN : 612 656 372

Interim Financial Statements

For the Period Ended 31 December 2017

Jaxsta Holdings Pty Ltd

ACN : 612 656 372

Contents

For the Period Ended 31 December 2017

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Jaxsta Holdings Pty Ltd

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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.

Jaxsta Holdings Pty Ltd

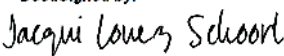
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Directors' Report
For the Period Ended 31 December 2017

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:

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Director:
Jacqueline Samantha Louez Schoorl

Dated this12..... day ofApril..... 2018

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



KATHAL SPENCE
DIRECTOR

Fremantle, WA

12 April 2018

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Jaxsta Holdings Pty Ltd

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Consolidated Statement of Profit or Loss and Other Comprehensive Income**For the Period Ended 31 December 2017**

		31 December	Unaudited
		2017	31 December
	Note	\$	\$
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.

Jaxsta Holdings Pty Ltd

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Consolidated Statement of Financial Position
As At 31 December 2017

		31 December 2017	30 June 2017
	Note	\$	\$
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.

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

	31 December 2017	Unaudited 31 December 2016
Note	\$	\$
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 <u>(893,126)</u>	<u>(436,035)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	<u>(7,800)</u>	(21,737)
Net cash provided used in investing activities	<u>(7,800)</u>	(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	<u>895,593</u>	500,010
Net increase/(decrease) in cash and cash equivalents held	(5,333)	42,238
Cash and cash equivalents at beginning of period	<u>8,996</u>	144,027
Cash and cash equivalents at end of the period	5 <u><u>3,663</u></u>	<u><u>186,265</u></u>

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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Notes to the Consolidated Financial Statements

For the Period Ended 31 December 2017

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.

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

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

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Notes to the Consolidated Financial Statements

For the Period Ended 31 December 2017

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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Notes to the Consolidated Financial Statements

For the Period Ended 31 December 2017

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.

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Notes to the Consolidated Financial Statements

For the Period Ended 31 December 2017

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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Notes to the Consolidated Financial Statements

For the Period Ended 31 December 2017

3 Critical Accounting Estimates and Judgments**Key estimates - receivables**

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

4 Revenue and Other Income

	31 December 2017 \$	Unaudited 31 December 2016 \$
Other Income		
- Other income	583,622	427,273
- Interest income	30	68
	<u>583,652</u>	<u>427,341</u>

5 Cash and Cash Equivalents

	31 December 2017 \$	30 June 2017 \$
Cash at bank and in hand	3,663	8,998
	<u>3,663</u>	<u>8,998</u>

Reconciliation of cash

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

	31 December 2017 \$	30 June 2017 \$
Cash and cash equivalents	3,663	8,998
Balance as per consolidated statement of cash flows	<u>3,663</u>	<u>8,998</u>

6 Trade and Other Receivables

	31 December 2017 \$	30 June 2017 \$
CURRENT		
GST receivable	18,007	21,794
Total current trade and other receivables	<u>18,007</u>	<u>21,794</u>

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

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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
	<u>38,718</u>	<u>32,018</u>

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	<u>6,050</u>	<u>36,371</u>
Computer equipment		
At cost	107,092	103,371
Accumulated depreciation	(99,254)	(99,254)
Total computer equipment	<u>7,838</u>	<u>4,117</u>
Computer software		
At cost	151,408	147,508
Total computer software	<u>151,408</u>	<u>147,508</u>
Leasehold Improvements		
At cost	313,105	313,105
Total plant and equipment	<u>478,401</u>	<u>501,101</u>
Total property, plant and equipment	<u><u>478,401</u></u>	<u><u>501,101</u></u>

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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

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

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Notes to the Consolidated Financial Statements

For the Period Ended 31 December 2017

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 conversion 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	30 June 2017
	No.	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.

Jaxsta Holdings Pty Ltd

ACN : 612 656 372

Notes to the Consolidated Financial Statements

For the Period Ended 31 December 2017

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	<u>(893,126)</u>	<u>(436,035)</u>

17 Events after the end of the Reporting Period

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

A Heads of Agreement has been entered into for the sale of existing ordinary 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.

Jaxsta Holdings Pty Ltd

ACN : 612 656 372

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

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

Jaxsta Holdings Pty Ltd

ACN : 612 656 372

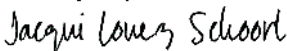
Directors' Declaration

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:

B3338E888CA844C...

Director
Jacqueline Samantha Louez Schoorl

Dated 12 April 2018

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.

**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;

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

- 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

**KATHAL SPENCE
DIRECTOR**

Fremantle, Western Australia

12 April 2018

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