kabuni

Condensed Consolidated Interim Financial Statements

For the Three and Nine Months Ended March 31, 2017

(Expressed in Australian dollars)
(Unaudited)

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

PREPARED BY MANAGEMENT

The accompanying condensed consolidated Interim financial statements of Kabuni Ltd., comprised of the Condensed Consolidated Interim Statement of Financial Position as at March 31, 2017 and the Condensed Consolidated Interim Statements of Loss and Comprehensive Loss, Statements of Cash Flows and Statements of Changes in Equity for the three and nine months ended March 31, 2017 and the three and nine months ended February 29, 2016 are the responsibility of the Company's management. The independent external auditors of the Company have not reviewed these financial statements.

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Kabuni Ltd.

Condensed Consolidated Interim Statements of Financial Position

(Expressed in Australian dollars)
(Unaudited)

	Note	March 31, 2017 $	June 30, 2016 $
Current assets			
Cash and cash equivalents	4	703,797	1,958,734
Trade and other receivables	5	194,748	147,748
Prepaid expenses and deposits	6	167,261	142,936
Assets held for sale		5,000	5,000
Total current assets		1,070,806	2,254,418
Non-current assets			
Property and equipment	7	755,119	809,469
Intangible Assets	8	66,691	-
Total non-current assets		822,080	809,469
Total assets		1,892,866	3,063,887
Current liabilities			
Accounts payable and accrued liabilities	9	317,954	434,161
Loans payable	10	83,608	84,983
Current portion of Finance Lease	11	4,397	-
Total current liabilities		405,959	519,144
Non-Current liabilities			
Finance Lease	11	12,520	-
Total non-current liabilities		12,250	-
Total liabilities		418,479	519,144
Net assets		**1,474,407**	**2,544,743**
Equity			
Issued capital	12	20,116,448	17,338,533
Reserves	13	4,297,319	4,160,662
Accumulated losses	14	(22,939,360)	(18,954,452)
Total equity		**1,474,407**	**2,544,743**

Nature and continuance of operations (Note 1)
Commitments (Note 18)
Subsequent events (Notes 19)

Approved on behalf of the Board of Directors:

"Tony King"
Tony King, Executive Chairman

"Nathan Sellyn"
Nathan Sellyn, Director

- See Accompanying Notes -

Kabuni Ltd.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

(Expressed in Australian dollars)
(Unaudited)

	Note	For the three months ended March 31 2017 $	For the three months ended February 29 2016 $	For the nine months ended March 31 2017 $	For the nine months ended February 29 2016 $
Revenue		10,723	-	21,659	6,400
Selling expenses		(6,060)	-	(7,531)	(4,911)
Gross Profit		4,663	-	14,128	1,489
Operating expenses					
Advertising and promotion		20,764	169,007	136,826	355,304
Depreciation	7	45,640	7,174	130,722	15,204
General and administration		48,246	100,903	204,620	295,370
Insurance		6,209	5,711	23,935	6,925
Professional and consulting services		230,648	252,176	772,233	682,207
Rent		84,105	95,382	249,809	221,062
Salaries, directors fees, bonus and benefits		624,471	629,998	1,986,065	1,861,156
Software development		43,254	359,539	145,299	843,208
Travel expenses		41,132	39,550	173,027	165,429
Total operating expenses		1,144,469	1,659,440	3,822,537	4,445,864
Net loss from operations		(1,139,806)	(1,659,440)	(3,808,409)	(4,444,376)
Share-based payments	13	(12,549)	-	(136,339)	(350,065)
Movement in value of derivative and convertible debt		-	-	-	35,911
Loss on settlement of accounts payable		-	-	-	(117,987)
Loss on settlement of convertible debt		-	-	-	(125,028)
Listing fees/Bank charges		(3,151)	-	(10,462)	(8,885,899)
Finance costs		-	(1,344)	-	(80,808)
Unrealized exchange gain (loss)		(35,350)	194,136	(32,724)	288,365
Realized exchange loss		-	12,770	-	(262)
Other income		1,365	29,106	3,026	86,313
Loss and comprehensive loss		**(1,189,491)**	**(1,424,772)**	**(3,984,908)**	**(13,593,837)**
Other comprehensive loss					
Exchange (loss) gain on translation of foreign operations		11,085	1,277	(14,682)	113,555
Total loss and comprehensive loss for the period		**(1,178,406)**	**(1,423,495)**	**(3,999,590)**	**(13,480,282)**
Loss per share					
- basic and diluted		(0.01)	(0.01)	(0.02)	(0.10)

- See Accompanying Notes -

Kabuni Ltd.

Condensed Consolidated Interim Statements of Changes in Equity
(Expressed in Australian dollars)
(Unaudited)

	Note	Number of Shares	Issued Capital $	Share-based Payments / Performance Shares Reserves $	Foreign Exchange Translation Reserve $	Accumulated Losses $	Total $
Balance as at July 1, 2015		**32,687,500**	**502,255**	**-**	**(59,181)**	**(3,020,015)**	**(2,576,941)**
Shares issued on conversion of loan		15,523,810	1,420,000	-	-	-	1,420,000
Shares issued to advisors		4,257,547	811,509	-	-	-	811,509
Shares issued on settlement of loan		2,800,001	560,000	-	-	-	560,000
Shares issued to directors		999,999	198,333	-	-	-	198,333
Shares issued by Kabuni Technologies Inc.		2,889,318	141,253	-	-	-	141,253
Performance shares issued				4,032,549	-	-	4,032,549
Fair value of shares issued for acquisition of Kabuni Technologies Inc.		36,001,000	7,200,200	-	-	-	7,200,200
Issuance of shares or services		150,000	29,250	-	-	-	29,250
Shares issued immediately prior to the acquisition of Kabuni Technologies Inc.		35,000,000	6,486,287	-	-	-	6,486,287
Share issue costs		-	(804)	-	-	-	(804)
Loss for the period		-	-	-	-	(14,059,595)	(14,059,595)
Cumulative translation adjustment		-	-	-	23,144	-	23,144
Balance as at March 31, 2016		**130,309,175**	**17,348,283**	**4,032,549**	**(36,037)**	**(17,079,610)**	**4,265,185**
Balance as at July 1, 2016		**130,309,175**	**17,338,533**	**4,132,432**	**28,230**	**(18,954,452)**	**2,544,743**
Issue of shares	12	111,134,280	3,000,625	-	-	-	3,000,625
Share issue costs	12	-	(222,710)	-	-	-	(222,710)
Issue of listed options	13	-	-	15,000	-	-	15,000
Issue of stock options	13	-	-	136,339	-	-	136,339
Loss for the period	14	-	-	-	-	(3,984,908)	(3,984,908)
Cumulative translation adjustment		-	-	-	(14,682)	-	(14,682)
Balance as at March 31, 2017		**241,443,455**	**20,116,448**	**4,283,771**	**13,548**	**(22,939,360)**	**1,474,407**

- See Accompanying Notes -

Kabuni Ltd.

Condensed Consolidated Interim Statements of Cash Flows

(Expressed in Australian dollars)
(Unaudited)

	For the three months ended		For the nine months ended	
	March 31 2017	February 29 2016	March 31 2016	February 29 2016
	$	$	$	$
Cash flows from operating activities				
Loss for the period	(1,189,491)	(1,424,772)	(3,984,908)	(13,593,837)
Adjustments to reconcile non-cash items				
Depreciation	45,640	7,017	130,722	15,204
Accretion on convertible debt	-	(14,314)	-	168,875
Gain on derivative liability	-	3,994	-	(204,786)
Loss on settlement of accounts payable	-	(2,301)	-	117,987
Loss on settlement of convertible debt	-	(922)	-	47,293
Listing expense	-	-	-	8,885,899
Share-based payments	12,549	(2,959)	136,339	350,065
Changes in non-cash working capital				
Receivables	16,860	96,875	(42,715)	(43,735)
Prepaid expenses and deposit	(7,980)	(177,374)	(22,023)	(131,560)
Accounts payable and accrued liabilities	8,187	342,542	(46,124)	125,671
Net cash used in operating activities	**(1,114,235)**	**(1,172,214)**	**(3,828,709)**	**(4,262,923)**
Cash flows from investing activities				
Acquisition of intangible assets	(66,691)	89,896	(66,691)	(5,000)
Acquisition of property and equipment	37,982	(426,803)	(23,124)	(654,568)
Net cash used in investing activities	**(28,979)**	**(336,907)**	**(90,085)**	**(659,568)**
Cash flows from financing activities				
Repayment of interest on loans payable	-	14,788	-	-
Proceeds from convertible debt	-	-	-	1,420,000
Transaction costs on convertible debt	-	1,516	-	(77,735)
Finance Lease	16,667	-	16,667	
Acquisition of Kabuni Ltd	-	-	-	3,749,071
Proceeds from issuance of shares	834,158	9,252	3,834,784	5,248,798
Proceeds from listed options	(15,000)	-	-	
Share issuance costs	(819,158)	-	(1,041,868)	(513,713)
Shares repurchased	-	-	-	(164)
Net cash (used in) / provided by financing activities	**16,667**	**25,555**	**2,809,583**	**9,826,256**
Impact of exchange rate changes on cash and cash equivalents	(125,630)	82,390	(145,726)	(79,205)
Change in cash and cash equivalents during the period	(1,252,178)	(1,401,175)	(1,254,938)	4,824,559
Cash and cash equivalents, beginning of the period	1,955,974	6,475,575	1,958,734	249,840
Cash and cash equivalents, end of the period	**703,797**	**5,074,400**	**703,797**	**5,074,400**

- See Accompanying Notes -

1. Nature and continuance of operations

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

Kabuni is a North American-based SaaS platform in the home design space that enables the design/build community to grow their business through an omni-channel experience. Kabuni's platform enables users worldwide to engage in education, networking and tools through membership.

These condensed consolidated Interim financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business. For the nine months ended March 31, 2017, the Company and its consolidated entities have a net working capital of $652,327 and accumulated deficit of $22,939,360. The Company's ability to continue as a going concern is dependent upon its ability to access sufficient capital until it has achieved profitable operations. The Company will require additional financing prior to the end of the fiscal year to provide sufficient working capital to maintain its operations for the 2018 fiscal year.

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

The Company's registered office is at 35 Richardson Street, West Perth, WA, Australia, 6005.

2. Reverse takeover transaction ("RTO")

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

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

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

The 2,800,001 shares issued to certain creditors of Kabuni Tech. were issued to settle outstanding payables in the amount of Canadian ("CAD") $420,000. The Company recognized a loss on settlement of accounts payable of $118,999 during the year ended August 31, 2015, which related to the difference between the fair value of the share issued by Magnolia and the debt settled.

The 15,523,810 shares issued to holders of Kabuni Tech.'s convertible debt were issued to settle outstanding debt in the amount of $1,420,000. The Company recognized a loss on settlement of convertible debt of $47,668 during the year ended August 31, 2015, which related to the difference between the fair value of the share issued by Magnolia and the debt settled.

(Expressed in Australian dollars)

2. Reverse takeover transaction ("RTO") (continued)

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

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

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

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

Net asset acquired:		
Cash and cash equivalents	$	2,815,998
Receivables		58,616
Other assets		5,000
Due from Kabuni Tech.		750,000
Accounts payable and accrued liabilities		(490,755)
	$	3,138,859
Purchase price of equity:		
36,001,000 common shares at $0.20 per share	$	7,200,200
Finders Fees'		
Advisor shares (4,257,547 common shares)		811,509
Additional shares to a director (666,666 common shares)		133,333
Performance shares		3,879,716
	$	12,024,758
Cost of public listing	**$**	**8,885,899**

The transaction was measured at the fair value of the shares that Kabuni Tech. would have had to issue to shareholders of the Company to give shareholders of the Company the same percentage equity interest in the combined entity that results from the reverse acquisition had it taken the legal form of Kabuni Tech. acquiring the Company. The fair value of the common shares was determined based on the share value in the concurrent public offer which was $0.20 (Note 10).

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

3. Basis of presentation

(a) Statement of compliance

These condensed consolidated Interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting,* using the accounting policies consistent with International Financial Reporting Standards ("IFRS") and with requirements of the Corporations Act 2001 and Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

These condensed consolidated Interim financial statements were authorized for issue by the Board of Directors on May 15, 2017.

(b) Basis of preparation

The condensed consolidated interim financial statements have been prepared on the historical cost basis, except certain financial instruments that are measured at fair value at the end of each reporting period, and are presented in Australian dollars ("AUD").

These condensed consolidated interim financial statements should be read in conjunction with the most recently issued annual consolidated financial statements of the Corporation, which include information necessary or useful to understanding the Corporation's business and financial statement presentation. In particular, the Corporation's significant accounting policies were presented as Note 4 to the consolidated financial statements for the fiscal year ended June 30, 2016, and have been consistently applied in the preparation of these condensed consolidated interim financial statements except for the following:

i) *Acquired intangible assets*

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

(c) Significant judgements and estimates

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, profit and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods. The critical judgements and estimates applied in the preparation of the Company's condensed consolidated interim financial statements for the nine months ended March 31, 2017 are consistent with those applied and disclosed in Note 4 to the Company's consolidated financial statement for the year ended June 30, 2016.

3. Basis of presentation (continued)

(d) Accounting standards issued but not yet effective

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

IFRS 9: Financial Instruments and associated Amending Standards

The Standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of IFRS 9 and completes the project to replace *IAS 39 Financial Instruments: Recognition and Measurement*. IFRS 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objectives is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ("OCI").. For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an "expected credit loss ("ELC") model to recognize an allowance. Impairment will be measured in a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The Company will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the Company.

IFRS 15: Revenue from Contracts with Customers

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

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

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

(Expressed in Australian dollars)

3. Basis of presentation (continued)

(d) Accounting standards issued but not yet effective (continued)

IFRS 16: Leases

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

4. Cash and cash equivalents

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

	March 31, 2017 $	June 30, 2016 $
Cash	648,797	1,591,619
Cash equivalents	55,000	367,115
	703,797	**1,958,734**

5. Trade and other receivables

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

	March 31, 2017 $	June 30, 2016 $
Taxes receivable from governments	116,182	103,694
Other receivables	78,566	44,054
	194,748	**147,748**

At the reporting date, none of the receivables were past due or impaired.

(Expressed in Australian dollars)

6. Prepaid expenses and deposits

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

	March 31, 2017	June 30, 2016
	$	$
Prepaid expenses	68,581	55,493
Deposits	98,680	87,443
	167,261	**142,936**

7. Property and equipment

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

Cost	**Equipment - Office**	**Furniture - Office**	**Equipment - Kabuni House**	**Furniture - Kabuni House**	**Leasehold Improvements - Kabuni House**	**Leased Assets – Motor Vehicles**	**Total**
	$	$	$	$	$	$	**$**
Balance at August 31, 2015	48,612	-	112,575	-	-	-	**161,187**
Additions	106,177	39,175	90,849	113,583	331,706	-	**681,490**
Cumulative translation adjustment	(1,138)	(544)	880	(1,710)	9,308	-	**6,796**
Balance at June 30, 2016	153,651	38,631	204,304	111,873	341,014	-	**849,473**
Additions	849	8,055	1,186	40,683	11,453	28,367	**91,593**
Cumulative translation adjustment	(2,566)	(645)	(3,412)	(1,868)	(6,183)	-	**(14,180)**
Balance at March 31, 2017	**151,934**	**46,041**	**202,078**	**150,688**	**346,364**	**28,367**	**925,886**
Accumulated depreciation							
Balance at August 31, 2015	4,009	-	-	-	-	-	**4,009**
Depreciation expense	19,271	17,193	-	-	-	-	**36,464**
Cumulative translation adjustment	(469)	-	-	-	-	-	**(469)**
Balance at June 30, 2016	22,811	17,193	-	-	-	-	**40,004**
Depreciation expense	22,501	6,672	11,155	36,175	51,922	3,006	**131,431**
Cumulative translation adjustment	(381)	(287)	-	-	-	-	**(668)**
Balance at March 31, 2017	**44,931**	**23,578**	**11,155**	**36,175**	**51,922**	**3,006**	**170,767**
Carrying amount							
Balance at August 31, 2015	44,603	-	112,575	-	-	-	**157,178**
Balance at June 30, 2016	130,840	21,438	204,304	111,873	341,014	-	**809,469**
Balance at March 31, 2017	107,003	22,463	190,923	114,513	294,443	25,855	**755,119**

(Expressed in Australian dollars)

8. Intangible Assets

On January 31, 2017, the Company acquired certain intangible assets of Design Campus, an online educational platform and training resource for the professional design community for $66,691 (US $50,000). The assets acquired include the Design Campus website, databases, internet domains and customer lists ("Intangible Assets").

The summary of the Company's Intangible Assets is as follows:

	Acquired intangible asset $
Balance at June 30, 2016 and August 31, 2015	-
Additions	66,691
Cumulative translation adjustment	-
Balance at March 31, 2017	**66,691**
Accumulated depreciation	
Balance at June 30, 2016 and August 31, 2015	-
Depreciation expense	-
Cumulative translation adjustment	-
Balance at March 31, 2017	-
Carrying amount	
Balance at August 31, 2015	-
Balance at June 30, 2016	-
Balance at March 31, 2017	66,691

9. Trade and other payables

	March 31, 2017 **$**	**June 30, 2016** **$**
Trade payables	232,265	125,028
Accruals	85,690	307,851
Other payables	-	1,282
	317,954	**434,161**

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

(Expressed in Australian dollars)

10. Loans payable

	March 31, 2017 $	June 30, 2016 $
Short term related party loan	83,608	84,983
	83,608	**84,983**

The Company has received a series of short-term loans from a company owned by a director and officer of the Company. These loans accrued interest at 8% per annum, compounded annually. As at March 31, 2017, the Company had loans outstanding, including accrued interest of $83,608 (CAD$82,179) (June 30, 2016 - $84,983 (CAD$82,179)). The loan was originally due on June 30, 2014, but subsequently was extended to June 30, 2015. The Company had provided a general security agreement over its assets to the lender.

On June 30, 2015, the Company entered into an amending agreement whereas the loan was extended an additional year and will mature on June 30, 2016. As per the agreement, the loan will no longer bear interest and the lender has released and discharged of all security that was previously held over the Company's assets. During the nine months ending March 31, 2017, the maturity date of the loan was extended to June 30, 2017.

11. Finance Lease

In October 2016, the Company financed $18,687 ($18,367 CAD) to lease a vehicle at 5% interest. The lease has been accounted for as a finance lease and terminates in November 2020. Monthly lease repayments are $486 ($472 CAD). The vehicle is the security for the indebtedness.

Future minimum lease payments are as follows:

	$
2017 lease obligations (excluding interest)	3,277
2018 lease obligations (excluding interest)	4,564
2019 lease obligations (excluding interest)	4,798
2020 lease obligations (excluding interest)	4,278
Total finance lease obligations (excluding interest)	**16,917**

Short term and Long term lease obligations are as follows:

	March 31, 2017 $
Short term lease obligations (excluding interest)	4,397
Long term lease obligations (excluding interest)	12,520
Total finance lease obligations (excluding interest)	**16,917**

(Expressed in Australian dollars)

12. Share capital

(a) Issued

	March 31, 2017 $	June 30, 2016 $
Issued capital		
241,443,455 fully paid ordinary shares (June 30, 2017: 130,309,175 shares)	**$ 20,116,448**	**$ 17,338,533**

	March 31, 2017		June 30, 2016	
	No.	**$**	**No.**	**$**
Balance at beginning of the balance period	130,309,175	17,338,533	129,825,842	17,254,837
Issuance of shares	111,134,280	3,000,625	-	-
Capital raising costs	-	(222,710)	-	(804)
Share-based payment[1]	-	-	333,333	65,000
Issuance of shares for services	-	-	150,000	19,500
Balance at end of the period	**241,443,455**	**20,116,448**	**130,309,175**	**17,338,533**

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

The Company also completed a Rights Issue and Shortfall offer on November 23, 2016 and November 28, 2016, respectively, by issuing 111,134,280 common shares for gross proceed of 2,193,325. For every two new shares issued under the Rights and Shortfall Issue, one free attaching option was issued, exercisable at $0.05 each on or before 30, June 2019 (the "Rights Options") (Note 11). Both the Rights Issue and Shortfall Offer are subject to a cash fee of 6% of the funds raised respectively.

On March 1, 2016, the Company issued 150,000 common shares to an advisor in consideration for services provided to the Company.

On August 24, 2015, the Company completed the RTO transaction (Note 2). Concurrently with the RTO, the following transactions occurred:

- The Company completed a concurrent public offer ("Concurrent Financing") and issued 35,000,000 common shares at $0.20 for gross proceeds of $7,000,000. The Company incurred share issuance costs of $513,713 in connection with the financing. As part of the Concurrent Financing, the Company issued 12,000,000 options to investors at a price of $0.005 per option for gross proceeds of $60,000 (note 12(b)).

- The Company issued 2,800,001 common shares to certain creditors of Kabuni Tech. to settle outstanding debt. The fair value of the shares was $560,000 based on the share price of the Concurrent Financing.

(Expressed in Australian dollars)

12. Share capital (continued)

- The Company issued 15,523,810 common shares to holders of Kabuni Tech.'s convertible debt to settle outstanding debt. The fair value of the shares was $1,420,000 based on the share price of the Concurrent Financing.

1. During the ten months ended June 30, 2016, the Company issued 333,333 common shares to a director of the Company for nil consideration. The Company recorded share based payments of $65,000 to reflect the fair value of the shares on the issuance.

(b) Shares repurchased

On May 25, 2015, under the SSA Agreement, Kabuni Tech. was required to repurchase 15,800,000 common shares at CAD$0.00001 per share for gross proceeds of $164 (CAD$158) from certain shareholders (Note 2). The shares were returned to treasury.

(c) Escrow shares

As at March 31, 2017, the Company had 25,540,879 (June 30, 2016 – 46,301,031) common shares classified by the ASX as restricted securities which are being held in escrow. These shares will all be released from escrow on September 3, 2017. On July 2, 2016, 2,666,666 and on August 25, 2016, 18,093,486 common shares were released from escrow.

13. Reserves

	March 31, 2017 $	June 30, 2016 $
Foreign currency translation reserve[1]	13,548	28,230
Share based payments	258,173	119,383
Performance shares reserve[2]	4,013,049	4,013,049
	4,284,770	**4,160,662**

1. The foreign exchange differences arising on translation of foreign controlled entities are taken to the foreign currency translation reserve.

2. The performance share reserve is used to record the value of Class A performance shares and Class B Performance Shares issued to certain Kabuni employees and the advisors based on the directors' assessment of the likelihood of the performance shares being converted to ordinary shares.

(a) Performance shares reserve

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

	March 31, 2017 $	June 30, 2016 $
Balance at the beginning of the period	4,013,049	3,879,716
Performance shares issued - Directors	-	133,333
Balance at the end of the period	**4,013,049**	**4,013,049**

13. Reserves (continued)

During the year ended August 31, 2015, in connection with the RTO, the Company issued 37,463,827 performance shares to directors, employees and advisors of the Company for $nil consideration. The Company recorded performance shares reserve of $3,879,716.

During the ten months ended June 30, 2016, the Company issued 666,666 performance shares to directors of the Company for $nil consideration. The Company recorded performance shares reserve of $133,333, using a fair value of performance share price of $0.20 per share.

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

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

   ii. a minimum of 1,000 Registered Home Designers each achieve the CAD equivalent of at least $200 Revenue, each month for 3 consecutive months, and the Milestone D is also achieved, (Milestone A);

b. Class B Performance Shares which will convert into one Share upon:
   i. a minimum of 1,000 Registered Home Designers each achieve the CAD equivalent of at least $750 Revenue, each month for 3 consecutive months, on or before 31 December 2016; or

   ii. a minimum of 1,000 Registered Home Designers each achieve the CAD equivalent of at least $750 Revenue, each month for 3 consecutive months, and Milestone D is also achieved, and (Milestone B);

c. Class C Performance Shares which will convert into one Share upon:
   i. the Company achieving the CAD equivalent of at least $20 million in revenue in any 12 months and has a minimum of 20,000 registered home designers, on or before December 1, 2017; or

   ii. the Company achieving the CAD equivalent of at least $20 million in revenue in any 12 months and has a minimum of 20,000 registered home designers, and Milestone D is also achieved, (Milestone C); and

d. Class D Performance Shares which will convert into one Share upon:
   i. the Company achieving the CAD equivalent of at least $50 million in revenue in any 12 months; and
   ii. a minimum of 35,000 Registered Home Designers on or before March 31, 2018, (Milestone D).

The performance share reserve is used to record the value of the performance shares issued to the Company directors, employees and advisors based on management's assessment of the likelihood of the performance shares being converted to ordinary shares.

In connection with the RTO, management has assessed the likelihood of the Class A and B performance shares being converted into common shares to be unlikely, however management is currently revisiting the performance of certain members to determine if any events in the near future would justify these performance shares, and accordingly the Company has estimated the fair value of such performance shares based on the market price of the Company's common shares at the date of the RTO. The performance shares are owned outright by their holders and do not vest/lapse depending on continued employment.

The Company has assessed the likelihood of the Class C and D performance shares being converted into common shares to be uncertain.

(Expressed in Australian dollars)

13. Reserves (continued)

Issue of performance shares to directors

During the period ended June 30, 2016, the Company issued 666,666 performance shares to directors of the Company for $nil consideration. The Company recorded performance shares reserve of $133,333, using a fair value of performance share price of $0.20 per share.

During the ten months ended June 30, 2016, the Company issued 333,333 common shares to a director of the Company for nil consideration. The Company recorded share based payments of $65,000 to reflect the fair value of the shares on the issuance.

(b) Share based payments reserve

Type	Options Outstanding	Fair Value $
Listed*	82,567,146	15,000
Unlisted	16,671,667	255,722
	99,238,813	**270,722**

Type	March 31, 2017 $	June 30, 2016 $
Balance at the beginning of the period	**119,383**	**-**
Employee share-based payments	136,339	112,532
Supplier share-based payments	-	6,851
Balance at the end of the period	**255,722**	**119,383**

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

As part of the October 21, 2016 and the November 23, 2016 financing (Note 12(b)), the Company issued 70,567,146 options. Of this number, 55,567,146 were options issued to the subscribers of the financing. The remaining 15,000,000 were issued at a price of $0.001 per option for gross proceeds of $15,000.

Recognised share-based payment transactions

Share based payment transactions recognized as operational expenses in the statement of profit or loss and other comprehensive income during the half year were as follows:

Share-based payment expense

	Three months ended		Nine months ended	
	March 31 2017 $	**February 29 2016 $**	**March 31 2017 $**	**February 29 2016 $**
Employee share based payments issued	**12,549**	**-**	**136,339**	**350,065**

(Expressed in Australian dollars)

13. Reserves (continued)

(b) Share based payments reserve (continued)

i. Employee share based payments

The Company grants stock options from time to time in order to assist in the recruitment, reward, retention and motivation of employees, directors and consultants of Kabuni Limited. The fair value at grant date of options granted during the reporting period was determined using the Black Scholes option pricing model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share and the risk free interest rate for the term of the option. The table below summarizes options granted to employees, directors and consultants during the period ended March 31, 2017:

Grant Date	Expiry date	Exercise price per option	Balance at start of the period	Granted during the period	Exercised during the period	Expired / forfeited during the period	Balance at end of the period
17/03/16	31/03/19	$0.18	3,630,000	106,667	-	(1,540,000)	2,196,667
18/08/16	06/11/18	$0.13	-	150,000	-	-	150,000
18/08/16	31/10/18	$0.13	-	300,000	-	(100,000)	200,000
18/08/16	06/09/19	$0.13	-	650,000	-	-	650,000
18/08/16	12/05/19	$0.18	-	100,000	-	(100,000)	-
31/10/16	30/09/19	$0.05	-	1,475,000	-	-	1,475,000
29/11/16	30/06/19	$0.06	-	3,000,000	-	-	3,000,000
29/11/16	11/07/19	$0.03	-	2,500,000	-	-	2,500,000
29/11/16	11/07/19	$0.06	-	1,500,000	-	-	1,500,000
29/11/16	11/07/19	$0.09	-	1,500,000	-	-	1,500,000
09/12/16	31/03/19	$0.06	-	1,000,000	-	-	1,000,000
07/02/17	30/06/19	$0.05	-	250,000	-	-	250,000
10/02/17	30/06/19	$0.06	-	1,000,000	-	-	1,000,000
			3,630,000	**13,531,667**		**(1,740,000)**	**15,421,667**

On March 17, 2016, 4,190,001 stock options exercisable at the greater of (1) $0.18 and (2) the fair market value of the shares on the date of acceptance, provided that, for such purposes, the "fair market value" of the shares is defined as the average closing sale price of the shares on ASX over the 5 trading days immediately preceding the date of acceptance, on or before March 31, 2019 were granted to employees of the Company. The options will vest on September 3, 2016 (being 12-months after the date of listing on the ASX).

No director or director related entity will participate in this issue and shareholder approval is not required in order to issue the options.

The model inputs for options granted during the nine-month period ended March 31, 2017 included:

a) options were granted for no consideration;
b) expected life of options was 3 years;
c) share price at grant date was between $0.027 and $0.06
d) expected volatility was between 82.04% and 94.21%;
e) expected dividend yield of nil; and
f) a risk free interest rate of 1.95%.

(Expressed in Australian dollars)

13. Reserves (continued)

(b) Share based payments reserve (continued)

i. Share-based payment to suppliers

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

Grant Date	Expiry date	Exercise price	Balance at start of the period	Granted during the period	Exercised during the period	Expired during the period	Balance at end of the period	Exercisable at end of the period
19/02/16	30/06/17	$0.15	2,500,000	-	-	-	2,500,000	-[1]
			2,500,000	**-**	**-**	**-**	**2,500,000**	**-**

[1] The options will vest when the share price (based on a 20 Day VWAP) of the Company, as quoted by the ASX, reaches a level of A$0.225.

14. Accumulated losses

	March 31 2017 $	June 30 2016 $
Movements in accumulated losses were as follows:		
Opening balance	(18,954,452)	(13,172,059)
Loss for the period	(3,984,908)	(5,782,393)
Closing balance	**(22,939,360)**	**(18,954,452)**

15. Segmented information

The Company has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources. The Company's primary segment is one business, being the development of an e-commerce platform in the home design space. During the period ended March 31, 2017, the Company operated in the following geographic segments: Australia, USA, India and Canada.

(Expressed in Australian dollars)

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

	Three months ended		Nine months ended	
	March 31 2017	February 29 2016	March 31, 2017	February 29 2016
	$	$	$	$
Canada	8,233	-	19,169	6,400
USA	2,490	-	2,490	-
Unallocated items – interest and other income	1,365	29,106	3,026	86,313
Total revenue	**12,088**	**29,106**	**24,685**	**92,713**

15. Segmented information (continued)

(b) Loss by geographical region

	Three months ended		Nine months ended	
	March 31 2017	February 29 2016	March 31 2017	February 29 2016
	$	$	$	$
Australia	(123,173)	(117,105)	(603,500)	(490,708)
Canada	(939,754)	(1,325,343)	(3,167,317)	(4,935,772)
India	(101,276)	-	(190,463)	-
USA	(26,653)	-	(26,654)	-
Unallocated items – interest and other income	1,365	29,106	3,026	86,313
Total loss	**(1,189,491)**	**(1,413,342)**	**(3,984,908)**	**(5,340,167)**

(c) Total assets by geographical region

	March 31, 2017	June 30, 2016
	$	$
Australia	554,570	637,474
Canada	1,225,743	2,426,413
India	35,693	-
USA	76,880	-
Total assets	**1,892,886**	**3,063,887**

16. Loss per share

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

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

(Expressed in Australian dollars)

16. Loss per share (continued)

	Three months ended		Nine months ended	
	March 31 2017 $	February 29 2016 $	March 31 2017 $	February 29 2016 $
Loss used in calculating basic and dilutive EPS	(1,189,491)	(1,424,772)	(3,984,908)	(13,593,837)

	Number of Shares			
Weighted average number of ordinary shares used in calculating basic loss per share:	177,105,157	130,309,175	153,707,166	130,309,175
Effect of dilution:				
Share options	-	-	-	-
Adjusted weighted average number of ordinary shares used in calculating diluted loss per share:	177,105,157	130,309,175	153,707,166	130,309,175

17. Related parties

(a) Compensation of key management personnel

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

	Three months ended		Nine months ended	
	March 31 2017 $	February 29 2016 $	March 31 2017 $	February 29 2016 $
Professional and consulting fees	-	-	-	5,543
Salary and employee benefits	252,590	151,133	587,729	516,564
Directors' fees	23,817	15,000	78,817	20,000
Total	**276,407**	**166,133**	**666,546**	**542,107**

(b) Related parties

At March 31, 2017, there was $3,282 contractor fees owing to a director included in trade and other payables. At June 30, 2016, there was $14,345 owing to directors and officers of the Company included in trade and other payables.

At March 31, 2017, there was $Nil directors' fees owing (June 30, 2016 - $12,500) included in trade and other payables.

At March 31, 2017, there was $28,041 receivable from a former officer and Director of the Company (June 30, 2016 - $10,156) and $37,930 receivable from a Company controlled by a former officer and director of the Company.

(Expressed in Australian dollars)

17. Related parties (continued)

(c) Loans to/from related parties

There were no loans made to directors of Kabuni and other key management personnel of the Company, including their personally related parties during the period.

At March 31, 2017, the Company has a loan outstanding, including accrued interest, of $83,608 (June 30, 2016 - $84,983) owing to a company controlled by a former officer and director of the Company (Note 10).

18. Commitments

(a) Lease agreement

In June 2015, the Company. entered into a binding lease agreement for Kabuni House. Commencing July 1, 2015 the Company will pay monthly rent at a rate of $10,814 (CAD$10,500). The rental agreement is for a period of three years with the option to extend for an additional three-year period. In December 2016, the Company entered into a binding lease agreement for office premises in India. Commencing February 1, 2017, the Company will pay monthly rent of $3,558 (IRR$175,000). In November 2016, the Company. entered into a four year lease agreement for the operation of a delivery van at a monthly rate of $486 (CAD$472) (Note 11). The total commitment at March 31, 2017, excluding operating costs, is as follows:

	AU$
0-1 years	180,340
2-5 years	122,214
	302,554

(b) Termination payments

The Company has commitments in relation to termination payments pursuant to employment contracts.

19. Subsequent Events

On March 8, 2017, the Company announced the receipt of a signed non-binding Letter of Intent (the “LOI”) from Print the Future, Inc (“PTF”), regarding the potential acquisition by PTF of the shares of the Company’s operating subsidiaries, Kabuni Technologies Inc. (“KTI”), Kabuni USA, Inc. and Kabuni Technologies (India) Private Limited (The “Operating Subsidiaries”). PTF is an early stage technology company being pioneered by Kabuni founder Neil Patel, with operations in Vancouver and New York City.

On April 5, 2017, the Company signed a revised Letter of intent, amending the terms of the LOI (the “Revised LOI”). The total consideration for the acquisition is approximately AUD $6.52 million, payable at the closing in equal amounts of 50% cash as an initial payment, and 50% by issuing a convertible note.

Further, on April 5, 2017, the Company entered into a Temporary Services Agreement (“TSA”) between KTI and PTF. The TSA provides that KTI will, upon reasonable request from PTF, make certain employees and equipment available to provide software development, marketing and other services (the “Temporary Services”) to PTF. In consideration for the Temporary Services, PTF has agreed to pay a monthly service fee commencing in March 2017.

19. Subsequent Events (continued)

On May 1, 2017, the Company entered into a sale and purchase agreement ("SPA") with PTF for the acquisition by PTF of all the issued and outstanding shares in the Company's operating subsidiaries. The purchase price for the acquisition is $6.5 million and will be paid through a combination of 50% of cash and 50% of convertible debenture, adjusted for any payments made under the TSA. The convertible note will be guaranteed by the Operating Subsidiaries and a general security interest in all the present and after acquired property owned by the Operating Subsidiaries. The convertible debenture bears no interest until its maturing date of July 15, 2017 but will bear an interest of 22% per annum subsequent to the maturity date. The note may be repaid in whole or in part at any time at the election of PTF but must be repaid upon the completion of a Regulation A+ offering in the United States by PTF. The Company, at its option, after maturity, may convert the outstanding principal amount of the debenture into common shares of PTF. The closing of the SPA is conditional on several factors including the approval of the Shareholders of the Company and PTF completing its initial financing of between $3 million USD and $5 million USD. Should PTF fail to close the SPA, PTF is liable to pay a $250,000 break fee to the Company. The SPA has an outside termination date of July 15, 2017 after which either party may terminate.

Management's Discussion and Analysis

For the Three and Nine Months Ended March 31, 2017

The following discussion and analysis of the financial condition and operations of Kabuni Ltd. (the "Company" of "Kabuni") has been prepared by management as of May 15, 2017, and should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for the three months and nine months ended March 31, 2017, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") for interim financial reporting, and the audited annual consolidated financial statements for the year ended June 30, 2016, which have been prepared in accordance with IFRS. This Management's Discussion and Analysis ("MD&A") contains "forward-looking statements" that are subject to risk factors set out in a cautionary note herein. All amounts are in Australian dollars unless otherwise noted.

Quarterly Highlights

- On May 1, 2017, the Company entered into a sale and purchase agreement with Print the Future, Inc. for the sale of the Company's subsidiaries for AUD$6.52 million (*See Market and Business Development*)
- On January 31, 2017, the Company completed the acquisition of Design Campus, an online education platform (*See Market and Business Development*)

Description of Business

Kabuni is a North American-based Omni-channel business in the home design space that enables independent home design professionals to connect, learn and grow their business through the Kabuni House, Education and Community. Kabuni's shares trade on the Australian Securities Exchange (the "ASX") under the trading ticker "KBU".

Kabuni House

The Kabuni House is a 300 square metre retail space located in downtown Vancouver, B.C., which serves as a co-working and events space for the design community. The Kabuni House generates revenue through the sale of monthly or annual memberships, along with event rentals and educational courses.

Education

The Company offers educational courses to its members through its online education platform tailored specifically for the interior design industry. Using online video, members subscribe to design courses that feature relevant training content, including courses accredited by both the Interior Design Continuing Education Counsel (IDCEC) and the Architects Institute of America (AIA).

Community

The Kabuni Community is a community of design/build professionals who, through Kabuni connect and share design ideas, learn through educational courses, round table forum groups and networking at monthly social events.

Market and Business Developments

Kabuni has entered into a sale and purchase agreement ("SPA") dated as of May 1, 2017 with Print the Future, Inc. ("PTF") regarding the acquisition by PTF of the shares in the Company's operating subsidiaries. PTF is an early stage technology company being pioneered by Kabuni founder Neil Patel, with operations in Vancouver and New York City. Most recently PTF held a highly successful pop up store in Midtown Manhattan, which underpinned its early stage capital raising efforts being supported by financial firm Wellington Shields & Co, LLC. Under the SPA, PTF will acquire all of the issued and outstanding shares of Kabuni's operating subsidiaries, which are Kabuni Technologies Inc. ("KTI"), a company incorporated under the laws of British Columbia, Canada, Kabuni USA, Inc. ("KB USA"), a corporation incorporated under the laws of Delaware, USA, and Kabuni Technologies (India) Private Limited ("KB India" and, together with KTI and KB USA, the "Corporations"), a corporation incorporated under the laws of India for a total consideration of approximately AUD $6.52m.

The key terms of the SPA include the following:

- The purchase price for the acquisition shall be paid partly in cash and partly via the delivery of a convertible promissory note, as follows: (a) the portion of the purchase price to be paid in cash shall equal (i) AUD$3,259,486.50 less (ii) 50% of the total amount of the service fees paid under the TSA (as defined below), and (b) the balance of the purchase price shall be paid by way of issuance of a convertible promissory note by PTF, in a principal amount equal to (i) AUD$3,259,486.50 less (ii) 50% of the total amount of the service fees paid under the TSA.
- The convertible note will be guaranteed by the Corporations and secured by a general security interest in all of the present and after-acquired personal property owned by the Corporations. The maturity date for the note is July 15, 2017. The note may be repaid in whole or in part at any time at the election of PTF. Prior to the maturity date, the note will not bear interest. After maturity, the note bears interest at the rate of 22% per annum. On completion of PTF's Reg A+ offering (see details below), PTF must apply the proceeds of the offering to the repayment of the note. After maturity, Kabuni has the option (but not the obligation) to convert the outstanding principal amount of the note into shares of common stock of PTF at a conversion price that is equal to the price per share of common stock issued by PTF in the most recent capital raising prior to the issue date of the note which raised an aggregate of at least USD$500,000.
- On completion of PTF's initial financing (see details below), PTF will pay an amount of AUD$3,750,000 into escrow, which will be held and applied to satisfy the payment of service fees under the TSA and the cash portion of the purchase price at closing.
- Due to certain requirements of Indian law, there may be a delay in transferring the shares of KB India at closing. If this happens, the convertible note amount will be reduced by AUD$1,000,000, pending completion of the transfer. If the delay exceeds 90 days from the termination date (see below), the purchase price will be reduced by AUD$1,000,000, unless the parties otherwise agree. The Company is currently working diligently with its legal counsel in India in order to comply with the relevant transfer requirements as soon as possible.
- The closing of the SPA is conditional upon the approval of the shareholders of the Company, all other required regulatory approvals having been received, and other customary conditions for agreements of this type.
- The closing of the SPA is also conditional upon PTF completing its initial financing, described below. If PTF fails to complete its initial financing and, as a result, closing does not occur, PTF is liable to pay to Kabuni a termination fee of AUD$250,000.
- Until the date on which the shareholders of Kabuni approve the transaction, Kabuni has the right to solicit proposals from third parties and, if a superior proposal is obtained (as determined by an independent expert), to terminate the SPA and pursue the superior proposal. In such an event, Kabuni would be liable to pay to PTF a termination fee of AUD$250,000 and reimburse the service fees received under the TSA.
- The SPA has an outside termination date of July 15, 2017, after which either party may terminate the SPA on notice if closing has not yet occurred.
- The SPA contains other representations, warranties, covenants and indemnities as are customary for agreements of this nature.
- The SPA is governed by the laws of Delaware, and any disputes must be submitted to binding arbitration in Palm Beach County, Florida.

PTF has advised that it has recently undertaken a four-day roadshow in New York City with the assistance of its financier Wellington Shields & Co LLC. PTF has now presented to over 65 individuals representing in excess of 30 financial institutions, brokers, fund managers, family offices and high net worth individuals. PTF is seeking to complete a US$5m fund raising in May 2017 as a precursor to a larger Reg A+ raising.

As announced on April 5, 2017, Kabuni has entered into a Temporary Service Agreement ("TSA") between the Company's operating subsidiary, KTI, as services provider, and PTF, and provides that KTI will, on PTF's reasonable request, make certain employees and equipment of Kabuni available to provide software development, marketing and other services ("Temporary Services") to PTF. In consideration for the Temporary Services, PTF has agreed to pay a monthly service fee. No payment has been received to date by Kabuni with respect to the TSA and the service fee for the month of March is currently past due. PTF has advised that it is actively seeking a bridge loan in order to finance the outstanding commitments as soon as possible. Shareholders are to be advised that there is no certainty that the sale as contemplated above will complete, nor is there certainty that the Company will receive amounts owing to it under the TSA from PTF. In the event that the transaction is delayed with PTF, or in fact does not proceed for some reason, the Company will likely be required to raise further capital in order to continue operations.

On February 1, 2017, the Company acquired Design Campus, an online education platform tailored specifically for the interior design industry. Using online video, members subscribe to design courses that feature relevant training content, including courses accredited by both the Interior Design Continuing Education Counsel (IDCEC) and the Architects Institute of America (AIA). Members also gain access to the Design Campus library, a database of educational design articles and literature. Design Campus' content will be integrated into Kabuni's current online and offline offerings, creating multiple benefits for the Company's members and attracting new members to Kabuni House and the online platform.

The Company also connects with customers, designers and makers is through Kabuni House. In the fourth quarter of the year ended June 30, 2016, Kabuni House was launched in Vancouver, Canada with its grand opening celebration attended by interior designers, decorators, local makers of furniture and art, customers, and press. Kabuni House offers a space for designers, makers and customers to meet, collaborate, educate and access technology tools offered within the Kabuni House, such as interactive multi-touch tables and interactive touch walls.

In addition, Kabuni House offers a co-working space, through a paid membership program, for interior designers, makers, architects, realtors and home stagers to work on projects, meet with clients, network and attend monthly events. The membership program is a tiered paid membership model which is estimated to generate an average monthly membership fee of approximately $125 per month per member. The Company's targeted membership for the House is 500 paying members. Should this target be achieved, the Company anticipates the House will generate sufficient income to offset its operating costs, making it into a profit center. In order to achieve a cash flow positive House the Company needs to increase its brand awareness within the local design community in Vancouver in order to increase the rate of membership sign-ups.

During the third quarter of fiscal 2017, Kabuni restructured and focused its business operations to grow and strengthen its international design and build network, as well as integrate and promote its recent acquisition, Design Campus. The Company has redesigned its website to align with this refocus and will continue to deepen its local Vancouver network through Kabuni House as well as market its educational tools through the Design Campus marketplace and into newly identified target groups. The Kabuni team feels this tightened focus will deliver a stronger brand within the design and build community and an increased user and membership base across Kabuni and Design Campus.
The Board has taken the prudent step of further cutting Company expenditures. These measures include suspension of payment of directors' fees, as well as terminating certain consultancy arrangements and employees. The Board will continue to closely monitor the Company's expenditures as the transaction with PTF progresses. As indicated earlier, in the event that the transaction is delayed with PTF, or in fact does not proceed for some reason, the Company will likely be required to raise further capital in order to continue operations.

During the three and nine months ended March 31, 2017 and to the date of this MD&A, the following changes have occurred with respect to the Board and the Company's executive team:

- On July 18, 2016, the Company announced the appointment of Mr Colm O'Brien to the Board of Directors following the resignation of Mr. Matthew Hehman. Colm has over 20 years' executive level experience in financial services, management consulting, and media industries. He has led ASX listed company Aspermont Limited (ASX: ASP) as CEO and transformed that business from a local mining publication to a global, digitally led resources media business including world leading events.

- On July 29, 2016, the Company appointed Mr. Aja Sehgal to the Board of Directors. Ajai is the CTO/CIO of The Chemistry Group and brings deep experience in Product and Technology with global scale. Ajai Sehgal served Hootsuite as its CTO/CIO from 2014 to 2017, leading Software Engineering, IT, Security, and Operations. Prior to Hootsuite, he spent 16 years with the Canadian Armed Forces before joining Microsoft in Redmond WA as a Software Engineering Lead. While at Microsoft, he helped found and scale Expedia from a small group of 40 people within Microsoft into a new public company that became the world's largest travel agency. He later helped establish Groupon's travel business as VP of Product & Technology. With more than 30 years of experience, Ajai specializes in the global scaling of SaaS technology and is a founder and executive member of the board of Doxanto.

- On August 17, 2016, the Company announced the appointment of Lisa Dea, an experienced financial professional, as Chief Financial Officer. Ms. Dea, CPA, CA has over 19 years of experience in the finance, securities, and accounting fields. Lisa has been the CFO of several Toronto Stock Exchange (TSX) and TSX Venture Exchange listed companies where she was responsible for corporate strategy, all aspects of finance and legal, debt and capital market activities, managing banking relationships with the US, Canadian and international banks, internal and external public reporting, financial controls, processes and corporate governance. Lisa Dea temporarily assumed the responsibilities of Chief Operating Officer in March 2017 upon the departure of Frans Tjallingii. Ms. Dea reports directly to Kabuni's Board of Directors.

- On October 5, 2016, the Company announced the appointment of Frans Tjallingii as Chief Operating Officer. Frans Tjallingii, the Company's Chief Operating Officer, departed the Company in March 2017 on mutually agreed terms.

- Concurrent with the Design Campus acquisition, the Company entered into a consulting services agreement with Lori Dennis, a co-founder of Design Campus and a leading interior designer, speaker and best-selling author and star of HGTV's "the Real Designing Women", to join Kabuni as a Strategic Advisor Ms. Dennis' agreement will terminate on May 31, 2017.

- Effective April 30, 2017, Mr. Marc-Alexandre Poirier resigned from his position as Chief Legal Officer of the Company and its operating subsidiary, in order to purse private law practice. Mr. Poirier remains available to provide legal services to the Company as an external consultant, and is currently under a monthly retainer with the Company.

Further, on November 14, 2016, the Company announced the retirement of Nik Ajagu from the Board of Directors at the Company's annual general meeting held on November 17, 2016.

Summary of Quarterly Results

The following table sets out selected financial information for each of the eight most recent quarters (unaudited), the latest of which ended March 31, 2017.

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

(in Australian dollars)	March 31, 2017 (A$)	December 31, 2016 (A$)	September 30, 2016 (A$)	June 30, 2016 (A$)
Total revenue	10,723	7,922	3,640	11,241
Total loss and comprehensive loss	(1,189,491)	(1,277,028)	(1,569,172)	(1,812,262)
Loss per share	(0.01)	(0.01)	(0.01)	(0.01)
Total assets	1,892,866	3,043,356	1,631,783	3,063,887

(in Australian dollars)	February 29, 2016 (A$)	November 30, 2015 (A$)	August 31, 2015 (A$)	May 31, 2015 (A$)
Total revenue	-	1,206	18,412	797
Total loss and comprehensive loss	(1,424,772)	(1,604,461)	(10,598,951)	(1,160,503)
Loss per share	(0.01)	(0.01)	(0.26)	(0.02)
Total assets	6,000,480	6,991,269	8,867,818	359,463

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

Total loss and comprehensive loss for the three months ended March 31, 2017, December 31, 2016 and September 30, 2016 decreased quarter on quarter over the three months ended June 30, 2016 as the Company endeavors to streamline operations. Total loss and comprehensive loss remained fairly consistent over the June and March 2016 quarters. The significant increase in the quarterly loss for the period ended August 31, 2015 is the result of non-cash costs of $8,885,899 in relation to the accounting of the Company's reverse-takeover ("RTO") acquisition of the Kabuni business in August, 2015.

Review of Financial Results

The following discussion of the Company's financial performance is based on the condensed consolidated interim financial statements for the three and nine months ended March 31, 2017.

The Company's total loss was $1,189,491 and $3,984,908 for the three and nine months ended March 31, 2017, with basic and diluted loss per share of $0.01 and $0.02. This compares with a total loss of $1,424,772 and $13,593,837 with basic and diluted loss per share of $0.01 and $0.10 for the three and nine months ended February 29, 2016, respectively. The decrease of $9,608,929 in net loss for the nine months ended March 31, 2017 was principally because of the non-cash listing fee of $8,885,899 during the nine months ended February 28, 2017 which was offset by the movement of the following:

Revenue
During the three and nine months ended March 31, 2017 the Company continued to develop its products and to promote itself within the interior design industry. Initial sales of products and services promoted by the Company occurred for the first time in the fiscal period ended June 30, 2016. Sales for the three and nine months ended March 31, 2017 were very modest and totaled only $10,723 and $21,659, respectively.

Advertising and promotion
For the three and nine months ended March 31, 2017, advertising and promotion costs decreased to $20,764 and $136,826 compared with $169,007 and $355,304 in the three and nine months ended February 28, 2016. The Company has endeavored to reduce its expenditures in the three and nine months ended March 31, 2017 and has focused its advertising and promotion spending to achieve the greatest impact for the Company, mainly around social media exposure and event based promotion.

General and administration
For the three and nine months ended March 31, 2017, general and administration costs decreased to $48,246 and $204,620 compared with $100,903 and $295,370 in the comparable three and nine months ended February 28, 2016 as the Company streamlined its operational spending.

Rent
Rent decreased to $84,105 and $249,809 for the three and nine months ended March 31, 2017 compared with $95,382 and $221,062 in the three and nine months ended February 28, 2016. The Company increased the size of its offices in 2016 to accommodate full-time developers, management and administrative employees hired/contracted to meet the needs of the expanding business operations. The Company anticipates its rental costs will decrease further in the last quarter of finical 2017 as the Company relinquished it office space and have moved operations into the Kabuni House.

Salaries, bonuses and benefits
For the three and nine months ended March 31, 2017, salaries, director fees, bonus and benefits remained consistent at $641,981 and $1,986,065 compared to $629,998 and $2,012,460 in the three and nine months ended February 28, 2016. The Company anticipates that salaries, directors fees, bonus and benefits will decrease in the last quarter as the Company has reduced the number of staff in an effort to conserve its capital position.

Share-based payments
Share-based payments decreased to $123,790 for the nine months ended March 31, 2017 compared with $350,065 in the nine months ended February 28, 2016.

Travel
For the three and nine months ended March 31, 2017, travel expenses were fairly consistent at $41,132 and $173,027 compared with the three and nine months ended February 28, 2016 at $39,550 and $165,429.

Software development
For the three and nine months ended March 31, 2017, software development costs decreased to $43,254 and $145,299 compared with $359,539 and $843,208 in the three and nine months ended February 28, 2016 as the Company decreased its reliance on outside technology software development providers due to the Company's development office in Bangalore, India now being fully operational.

Professional and consulting services
Professional and consulting services remained fairly consistent at $230,648 and $772.233 for the three and nine months ended March 31, 2017 compared with $252,176 and $682,207 in the three and nine months ended February 28, 2016.

Liquidity

Cash and cash equivalents
As at March 31, 2017, the Company's cash balance was $703,797 (June 30, 2016 - $1,958,734), and the Company had a working capital of $664,847 (June 30, 2016 - $1,735,274).

Operating, Financing and Investing Activities
Net cash used in operating activities decreased to $1,114,235 and $3,828,709 in the three and nine months ended March 31, 2017 compared to $1,172,214 and $4,262,923 for the three and nine months ended February 28, 2016. This decrease was primarily due to higher working capital incurred during the prior period as compared to the current period ended March 31, 2017.

Net cash used in investing activities decreased to $28,979 and $90,085 compared to the three and nine months ended March 31, 2017 compared to $336,907 and $659,568 for the three and nine months ended February 28, 2016. The majority of the Company's investment in capital during the three and nine months ended March 31, 2017 was primarily for the acquisition of certain assets from Design Campus (See *Market and Business Developments*) and improvements to the Vancouver Kabuni House and related furniture and equipment.

Cash flows generated in financing activities during the nine months ended March 31, 2017 was $2,809,583, as compared to a cash generated of $9,826,256 for nine months ended February 28, 2016. The February 28, 2016 cash inflow was in connection to the RTO acquisition of the Kabuni business where higher capital raising efforts occurred.

The Company has generated no material revenues to date and as such regular raising of debt finance or issue of securities are required to maintain liquidity. Since inception, the Company has incurred operating losses. Operating revenue started in the last quarter of fiscal year ended June 30, 2016. The Company anticipates that it will continue to incur losses until it can generate sufficient membership income from the Kabuni House in order to support operations. In addition, unless the proposed transaction with PTF (see *Market and Business Developments*) is completed in the coming months, continued operations are dependent on the Company's ability to curtail administration and operational cash outflow as required and obtain additional debt or equity financing. While Management continues to explore all viable options, there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company.

Share Capital

As of the date of this MD&A, the Company had 241,443,455 issued and outstanding commons shares, 38,130,493 issued and outstanding performance shares, 82,567,146 issued and outstanding listed options, and 17,921,667 issued and outstanding unlisted options.

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

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

Performance shares outstanding for the Company at the date of this MD&A were as follows:

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

Listed Options outstanding for the Company at the date of this MD&A:

Grant Date	Expiry date	Exercise price per option	Balance at start of the period	Granted during the period	Exercised during the period	Expired / forfeited during the period	Balance at end of the period
25/08/15	25/08/18	$0.30	12,000,000	-	-	-	12,000,000
29/11/16	30/06/19	$0.05	-	23,950,480	-	-	23,950,480
13/12/16	30/06/19	$0.05	-	23,308,333	-	-	23,308,333
February 14, 2017			**12,000,000**	**70,567,146**	**-**	**-**	**82,567,146**

Unlisted Options issued to employees, directors, suppliers and contractors outstanding for the Company at the date of this MD&A:

Grant Date	Expiry date	Exercise price per option	Balance at start of the period	Granted during the period	Exercised during the period	Expired / forfeited during the period	Balance at end of the period
19/02/16	30/06/17	$0.20	2,500,000	-	-	-	2,500,000
17/03/16	31/03/19	$0.18	3,630,000	106,667	-	(1,540,000)	2,196,667
18/08/16	06/11/18	$0.13	-	150,000	-	-	150,000
18/08/16	31/10/18	$0.13	-	300,000	-	(100,000)	200,000
18/08/16	06/09/19	$0.13	-	650,000	-	-	650,000
18/08/16	12/05/19	$0.18	-	100,000	-	(100,000)	-
31/10/16	30/09/19	$0.05	-	1,475,000	-	-	1,475,000
29/11/16	30/06/19	$0.06	-	3,000,000	-	-	3,000,000
29/11/16	11/07/19	$0.03	-	2,500,000	-	-	2,500,000
29/11/16	11/07/19	$0.06	-	1,500,000	-	-	1,500,000
29/11/16	11/07/19	$0.09	-	1,500,000	-	-	1,500,000
09/12/16	31/03/19	$0.06	-	1,000,000	-	-	1,000,000
10/02/17	30/06/19	$0.05	-	250,000	-	-	250,000
10/02/17	30/06/19	$0.06	-	1,000,000	-	-	1,000,000
February 14, 2017			**6,130,000**	**13,531,667**	**-**	**(1,740,000)**	**17,921,667**

Capital Resources

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

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

As of March 31, 2017, the Company had 241,443,455 common shares issued and outstanding.

Contractual Obligations and Commitments

In June 2015, Kabuni Tech. entered into a binding lease agreement for Kabuni House. Commencing July 1, 2015 the Company will pay monthly rent at a rate of $10,814 (CAD$10,500). The rental agreement is for a period of three years with the option to extend for an additional three-year period. In December 2016, Kabuni India entered into a binding lease agreement for office premises in India. Commencing February 1, 2017, the company will pay monthly rent of $3,558 (IRR$175,000). In November 2016, Kabuni Tech. entered into a four year lease agreement for the operation of a delivery van at a monthly rate of $486 (CAD$472). The total commitment at March 31, 2017, excluding operating costs, is as follows:

	AU$
0-1 years	180,340
2-5 years	122,214
	302,554

The Company has commitments in relation to termination payments pursuant to employment contracts.

Off-Balance Sheet Arrangements

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

Related Party Transactions

Compensation of key management personnel
The Company treats "key management personnel" as related parties. Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company as a whole. A summary of expenses by nature incurred with key management personnel is as follows:

	December 31 2016 $	November 30 2015 $	December 31 2016 $	November 30 2015 $
Professional and consulting fees	-	-	-	5,543
Short term employee benefits	252,590	151,133	587,729	516,564
Directors' fees	23,817	15,000	78,817	20,000
Total	**276,407**	**166,133**	**666,546**	**542,107**

Related parties
At March 31, 2017, there was $3,282 contractor fees owing to a director included in trade and other payables. At June 30, 2016, there was $14,345 owing to directors and officers of the company included in trade and other payables.

At March 31, 2017, there was $Nil directors' fees owing (June 30, 2016 - $12,500) included in trade and other payables.

At March 31, 2017, there was $28,041 receivable from a former officer and director of the Company (June 30, 2016 - $10,156) and $37,930 receivable from a company controlled by a former officer and director of the Company.

Loans to/from related parties
There were no loans made to directors of Kabuni and other key management personnel of the Company, including their personally related parties during the period. At December 31, 2016, the Company has a loan outstanding, including accrued interest, of $83,608 (June 30, 2016 - $84,983) owing to a company controlled by a former officer and director of the Company. The loan was originally due on June 30, 2014, but subsequently was extended to June 30, 2015. The Company had provided a general security agreement over its assets to the lender. On June 30, 2015, the Company entered into an amending agreement whereas the loan was extended an additional year and will mature on June 30, 2016. As per the agreement, the loan will no longer bear interest and the lender has released and discharged of all security that was previously held over the Company's assets. The maturity date of the loan has been extended to June 30, 2017.

Significant Accounting Estimates

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

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

- The valuation of share-based payments and performance share issuances in the statement of profit or loss and other comprehensive income;
- determination of the purchase price of the Company; and
- the recognition and recoverability of deferred tax assets.

Recent Accounting Pronouncements

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

AASB 9 Financial Instruments and associated Amending Standards
The Standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace *IAS 39 Financial Instruments: Recognition and Measurement*. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objectives is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ("OCI").. For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an "expected credit loss ("ELC") model to recognize an allowance. Impairment will be measured in an a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The Company will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the Company.

AASB 15: Revenue from Contracts with Customers
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standards will require the following:

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

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

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

Financial Instruments and Risks

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

Foreign Exchange Risk
Foreign exchange risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. As at March 31, 2017, the Company is exposed to foreign currency risk through its subsidiary, Kabuni Technologies Inc., which is denominated in CAD.

Credit Risk
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash and cash equivalents and receivables are exposed to credit risk. The Company reduces its credit risk on cash and cash equivalents by placing these instruments with institutions of high credit worthiness. As at March 31, 2017, the Company is not exposed to any significant credit risk.

Interest Rate Risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Included in the loss for the period in the financial statements is interest expense on loans payable and interest income on Canadian dollar cash. The Company has debt instruments at fixed rates and is therefore not exposed to risk in the event of interest rate fluctuations. As at March 31, 2017, the Company is not exposed to any significant interest rate risk.

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

Subsequent Event

On March 8, 2017, the Company announced the receipt of a signed non-binding Letter of Intent (the "LOI") from Print the Future, Inc ("PTF"), regarding the potential acquisition by PTF of the shares of the Company's operating subsidiaries, Kabuni Technologies Inc. ("KTI"), Kabuni USA, Inc. and Kabuni Technologies (India) Private Limited (The "Operating Subsidiaries"). PTF is an early stage technology company being pioneered by Kabuni founder Neil Patel, with operations in Vancouver and New York City.

On April 5, 2017, the Company signed a revised Letter of intent, amending the terms of the LOI (the "Revised LOI"). The total consideration for the acquisition is approximately AUD $6.52 million, payable at the closing in equal amounts of 50% cash as an initial payment, and 50% by issuing a convertible note.

Further, on April 5, 2017, the Company entered into a Temporary Services Agreement ("TSA") between KTI and PTF. The TSA provides that KTI will, upon reasonable request from PTF, make certain employees and equipment available to provide software development, marketing and other services (the "Temporary Services") to PTF. In consideration for the Temporary Services, PTF has agreed to pay a monthly service fee commencing in March 2017.

On May 1, 2017, the Company entered into a sale and purchase agreement ("SPA") with PTF for the acquisition by PTF of all the issued and outstanding shares in the Company's operating subsidiaries. The purchase price for the acquisition is $6.5 million and will be paid through a combination of 50% of cash and 50% of convertible debenture, adjusted for any payments made under the TSA. The convertible note will be guaranteed by the Operating Subsidiaries and a general security interest in all the present and after acquired property owned by the Operating Subsidiaries. The convertible debenture bears no interest until its maturing date of July 15, 2017 but will bear an interest of 22% per annum subsequent to the maturity date. The note may be repaid in whole or in part at any time at the election of PTF but must be repaid upon the completion of a Regulation A+ offering in the United States by PTF. The Company, at its option, after maturity, may convert the outstanding principal amount of the debenture into common shares of PTF. The closing of the SPA is conditional on several factors including the approval of the Shareholders of the Company and PTF completing its initial financing of between $3 million USD and $5 million USD. Should PTF fail to close the SPA, PTF is liable to pay a $250,000 break fee to the Company. The SPA has an outside termination date of July 15, 2017 after which either party may terminate.

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

Risks and Uncertainties

The development activities and start-up operations of the Company involves a high degree of business and financial risk. Accordingly, investment in the securities of the Company involves a high degree of risk and should be regarded as speculative due to the nature of the Company's business. The Company has incurred losses and may incur further losses. The following are the relevant risks of the company related to the operations, results, earnings, business and condition and the condensed consolidated interim financial statements of the Company for the quarter ended March 31, 2017 which the Company has reviewed and updated as of the date hereof with respect to such quarter. The following risks are not intended to be a complete list of all risk factors. A full discussion and description of the Company's risks which should be taken into account in assessing important factors that could cause the Company's actual results to differ materially from the Company's expectations and which remain applicable to the Company are disclosed under the heading "Risk Factors" in the Company's Annual Information Form ("AIF") in respect of its financial year ended June 30, 2016, which is filed with Canadian regulators on SEDAR (www.sedar.com) and also available on the Company's website (www.kabuni.com). Any one or more of the following risks could have a material effect on the Company.

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

Limited operating and revenue generation history
Kabuni is a start-up company, has a limited operating history and there is no assurance that future operations will result in revenues or profits. Kabuni is in the process of establishing partnerships and relationships, and building brand recognition with users of the Kabuni Platform. The Kabuni Platform is targeting a new and developing market, and elements of the Company's business strategy are new and subject to ongoing development. There is no guarantee that the commercialization of the Platform will be successful, or that the Company's target audience of Designers and consumers will use or continue to use the Platform. As a result, Kabuni has no history of material revenue generation. Kabuni has experienced losses in the past, and may not achieve or sustain profitability in the future. If sufficient revenues to operate profitably cannot be generated, operations may be suspended or cease.

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

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

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

Technical operations infrastructure
The Company is expecting significant growth in the number of users being added to the Kabuni Platform. The Company seeks to maintain sufficient excess capacity in its operations infrastructure to meet the needs of all of its users. The Company also seeks to maintain excess capacity to facilitate the rapid provisioning of new user deployments and the expansion of existing user deployments. In addition, the Company needs to properly manage its technological operations infrastructure in order to support version control, changes in hardware and software parameters and the evolution of its services. Despite the fact that the Company has taken a number of steps to allow its infrastructure to handle significant increases in demand, it may in the future experience website disruptions, outages and other performance problems. If the Company's operations infrastructure fails to keep pace with increased sales, users may experience delays as the Company seeks to obtain additional capacity, which could adversely affect the Company's reputation and have a material adverse effect on the Company's business, results of operations and financial condition.

Difficulties in software development
The Company's ability to attract new users and retain existing users will depend in large part on whether the Company can continue to improve and enhance the functionality, performance, reliability, design, security and scalability of the Kabuni Platform. The Company may experience difficulties with software development that could delay or prevent the development, introduction, or implementation of new solutions and enhancements. Software development involves a significant amount of time for research and development, and it can take months to update, code and test new and upgraded solutions and integrate them into the Kabuni Platform. The continual improvement and enhancement of the Kabuni Platform requires significant investment, and the Company may not have the resources to make such an investment. To the extent that the Company is unable to improve and enhance the functionality, performance, reliability, design, security and scalability of the Kabuni Platform in a manner that responds to interior design professionals and interior design industry participants' evolving needs, this may have a material adverse effect on the Company's business, results of operations and financial condition.

Third-party cloud storage providers
The Company currently serves users from third-party cloud storage providers based both within and outside of the US. The use of cloud storage providers results in less direct control over the Kabuni Platform and data. Such third parties may also be vulnerable to security breaches and compromised security systems, which could adversely affect the Company's reputation and result in litigation or liability. Additionally, interruptions in the Company's service, or loss or corruption of data, may reduce the Company's revenue; cause the Company to issue credits or pay fees; and adversely affect the Company's ability to retain existing users and attract new users. The Company's business will also be harmed if existing users and potential users believe that the Company's technology is unreliable.

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

Competition
The online home design industry is highly competitive and is subject to increasing domestic and global competition which is fast-paced and fast-changing. While the Company will undertake all reasonable due diligence in its business decisions and operations, it will have no influence or control over the activities or actions of its competitors, whose activities or actions may positively or negatively affect the operating and financial performance of Kabuni's projects and business.

Key personnel
The recent developments of the Kabuni Business have been in large part due to the talent, effort and experience of its senior management team, in particular the leadership of Nimesh (Neil) Patel, Managing Director and Chief Executive Officer. The loss of any key member of senior management, including Mr Patel, could have a material adverse effect on the Company's business, results of operations and financial condition.

The Company's future success will depend upon its continued ability to identify, hire, develop, motivate and retain highly skilled personnel, including senior management, engineers, designers, product managers, sales representatives, and user support representatives. The Company's ability to execute efficiently is dependent upon contributions from its employees, including its senior management team. In addition, there may occasionally be changes in the senior management team that may be disruptive to its business. If the Company's senior management team, including any new hires that the Company may make, fails to work together effectively and to execute on its plans and strategies on a timely basis, this have a material adverse effect on the Company's business, results of operations and financial condition.

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

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

Interior design industry
The Kabuni Business and financial performance are affected by the health of, and changes to, the interior design industry, particularly in the US and Canada. Interior design industry patterns are affected by economic conditions, and tend to decline or grow more slowly during periods of slow growth or economic downturns. A decrease in the demand for interior design services could lead to reductions in user traffic on the Platform and reductions in product sales through the platform. In addition, the Company may become subject to rules and regulations in the interior design industry that may restrict or complicate the Company's ability to deliver services. These changes would have a material adverse effect on the Company's business, results of operations and financial condition.

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

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

Controls and Procedures

The Company's management is responsible for establishing and maintaining adequate internal controls over financial reporting. Any systems of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. There have been no changes in the Company's internal control over financial reporting during the three and nine month ended March 31, 2017 that have materially affected, or are reasonably likely to materially affect, the internal control over financial reporting.

Caution Regarding Forward-Looking Statements

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends," "anticipates," "believes," or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might", or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materiality from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. Specifically, this MD&A includes, but is not limited to, forward-looking statements regarding the Company's ability to meet its working capital needs at the current level for the next twelve-month period ended December 31, 2017; management's outlook regarding future trends, sensitivity analysis on financial instruments, which may vary from amounts disclosed; and general business and economic conditions.

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