



## ASX APPENDIX 4E

### TRANSCENDENCE TECHNOLOGIES LIMITED

ABN: 57 096 781 716

### RESULTS FOR ANNOUNCEMENT TO THE MARKET FOR THE YEAR ENDED 30 JUNE 2017

(Previous corresponding period is the year ended 30 June 2016)

| KEY INFORMATION                                                 | 30-Jun-17<br>\$ | 30-Jun-16<br>\$ | % Change |
|-----------------------------------------------------------------|-----------------|-----------------|----------|
| Revenue from ordinary activities                                | 15,279          | 11,217          | 36%      |
| Loss from ordinary activities after tax attributable to members | (652,799)       | (999,442)       | (35%)    |
| Net loss attributable to members                                | (652,799)       | (999,442)       | (35%)    |

#### DIVIDEND INFORMATION

No dividend has been proposed or declared.

| NET TANGIBLE ASSETS PER SECURITY | 30-Jun-17 | 30-Jun-16 |
|----------------------------------|-----------|-----------|
| Net tangible assets per security | 0.01      | 0.02      |

| EARNINGS PER SHARE         | 30-Jun-17<br>Cents | 30-Jun-16<br>Cents |
|----------------------------|--------------------|--------------------|
| Basic earnings per share   | (0.38)             | (0.97)             |
| Diluted earnings per share | (0.38)             | (0.97)             |

#### CONTROL GAINED OR LOST OVER ENTITIES IN THE PERIOD

There have been no gains or losses of control over entities in the year ended 30 June 2017.

This report is based on, and should be read in conjunction with, the attached financial report for the year ended 30 June 2017 for Transcendence Technologies Limited, which has been audited by Hall Chadwick (NSW).



# **TRANSCENDENCE TECHNOLOGIES LIMITED**

**ABN 57 096 781 716**

## **ANUAL REPORT**

**YEAR ENDED 30 JUNE 2017**

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## **CORPORATE DIRECTORY**

### **Board of Directors**

|                  |                          |
|------------------|--------------------------|
| Mr Peter Wall    | (Non-Executive Chairman) |
| Mr Jeremy King   | (Non-Executive Director) |
| Mr Edwin Bulseco | (Non-Executive Director) |

### **Secretary**

Ms Sarah Smith

### **Registered Office**

C:\ Mirador Corporate Pty Ltd  
Suite 4, Level 1  
11 Ventnor Avenue  
West Perth WA 6005

|            |                                                            |
|------------|------------------------------------------------------------|
| Telephone: | 08 6381 0054                                               |
| Facsimile: | 08 9481 4950                                               |
| Website:   | <a href="http://www.tt-limited.com">www.tt-limited.com</a> |

### **Stock Exchange Listing**

Listed on the Australian Securities Exchange (ASX Code: TTL)

### **Auditors**

Hall Chadwick  
Level 40  
2 Park Street  
Sydney NSW 2000

### **Solicitors**

Steinepreis Paganin  
Level 4, Next Building  
16 Milligan Street  
Perth WA 6000

### **Bankers**

Westpac Banking Corporation  
Level 13, 109 St Georges Terrace  
Perth WA 6000

### **Share Registry**

Link Market Services  
178 St Georges Terrace  
Perth WA 6000

Telephone: 08 9211 6670

## DIRECTORS' REPORT

The Directors of Transcendence Technologies Limited (“TTL” or “the Company”) present their report, together with the financial statements on the consolidated entity consisting of Transcendence Technologies Limited and its controlled entities (the “Group”) for the financial year ended 30 June 2017.

### INFORMATION ON DIRECTORS

The names and details of the Company’s Directors in office during the financial year and until the date of this report are as follows. Directors were in office for the entire year unless otherwise stated.

**Peter Wall** | Non-Executive Chairman  
(Appointed 6 October 2015)

Mr Wall is a corporate lawyer and has been a Partner at Steinepreis Paganin (Perth based corporate law firm) since July 2005. Mr Wall graduated from the University of Western Australia in 1998 with a Bachelor of Laws and Bachelor of Commerce (Finance). He has also completed a Masters of Applied Finance and Investment with FINSIA.

Mr Wall has a wide range of experience in all forms of commercial and corporate law, with a particular focus on technology companies, resources (hard rock and oil/gas), equity capital markets and mergers and acquisitions. He also has significant experience in dealing in cross border transactions.

During the past three years, Mr Wall held the following directorships in other ASX listed companies:

- Non-Executive Chairman of MMJ Phytotech Ltd (formerly Phytotech Medical Limited) (current);
- Non-Executive Chairman of Activistic Limited (current);
- Non-Executive Chairman of MyFiziq Limited (current);
- Non-Executive Chairman of Zyber Holdings Limited (current);
- Non-Executive Chairman of Sky and Space Global Ltd (current);
- Non-Executive Chairman of Minbos Resources Limited (current);
- Non-Executive Chairman of Burrabulla Corporation Limited (current);
- Non-Executive Director of Ookami Limited (current);
- Non-Executive Chairman of Zinc of Ireland NL (resigned 21 July 2016);
- Non-Executive Chairman of TV2U International Limited (resigned 9 February 2016); and
- Non-Executive Chairman of BrainChip Holdings Ltd (resigned 3 August 2015).

**Jeremy King** | Non-Executive Director  
(Appointed 8 June 2016)

Mr King is a corporate advisor and lawyer with over 15 years’ experience in domestic and international legal, financial and corporate matters. Mr King spent several years in London where he worked with Allen & Overy LLP and Debevoise & Plimpton LLP and has extensive corporate experience, particularly in relation to cross-border private equity, leveraged buy-out acquisitions and acting for financial institutions and corporate issuers in respect of various equity capital raising.

During the past three years, Mr King held the following directorships in other ASX listed companies:

- Executive Director of Red Mountain Mining Limited (current);
- Non-Executive Chairman of Pure Minerals Limited (current);
- Non-Executive Director of DTI Group Limited (current);
- Non-Executive Director of Smart Parking Limited (current);
- Non-Executive Director of EHR Resources Limited (current);
- Non-Executive Director of Aquaint Capital Holdings Limited (current); and
- Non-Executive Director of Plukka Limited (resigned December 2015).

## DIRECTORS' REPORT

**Edwin Bulseco** | Non-Executive Director  
(Appointed 8 June 2016)

Mr Bulseco has a wealth of experience in capital markets and corporate strategic planning. From 2010 to 2015, Mr Bulseco has served as a senior equity research analyst at two of Australia's oldest stockbrokers. Edwin has more recently worked in corporate finance for a number of boutique East Coast based corporate advisories. During this period, Mr Bulseco has gained considerable capital markets and corporate experience.

Mr Bulseco holds a Bachelor of Commerce (graduating with a Merit) from the University of Wollongong in NSW.

During the past three years, Mr Bulseco held the following directorships in other ASX listed companies:

- Non-Executive Director of Red Gum Resources Ltd (current);
- Non-Executive Director of Botswana Metals Ltd (current); and
- Non-Executive Director of Greenpower Energy Limited (current).

## COMPANY SECRETARY

**Sarah Smith**

(Appointed 16 March 2016)

Ms Smith specialises in corporate advisory, company secretarial and financial management services. Ms Smith's experience includes company secretarial and financial management services for ASX listed companies, capital raisings and IPOs, due diligence reviews and ASX and ASIC compliance. Ms Smith is a Chartered Accountant and has acted as the Company Secretary for a number of ASX listed companies.

## INTERESTS IN SHARES AND OPTIONS OF THE COMPANY AND RELATED BODIES CORPORATE

The following table sets out each current Director's relevant interest in shares and options of the Company or a related body corporate as at the date of this report.

| Director         | Ordinary Shares  | Unlisted Share Options | Listed Share Options |
|------------------|------------------|------------------------|----------------------|
| Mr Peter Wall    | 2,150,000        | -                      | 2,500,000            |
| Mr Jeremy King   | 500,000          | 500,000                | 5,100,000            |
| Mr Edwin Bulseco | 525,000          | 500,000                | 5,105,000            |
| <b>Total</b>     | <b>3,175,000</b> | <b>1,000,000</b>       | <b>12,705,000</b>    |

## DIRECTORS' MEETINGS

The number of Directors' meetings held during the financial year and the number of meetings attended by each Director during the time the Director's held office are:

| Name             | Number Eligible to Attend | Number Attended |
|------------------|---------------------------|-----------------|
| Mr Peter Wall    | 1                         | 1               |
| Mr Jeremy King   | 1                         | 1               |
| Mr Edwin Bulseco | 1                         | 1               |

## DIRECTORS' REPORT

### DIRECTORS' MEETINGS (continued)

During the year, the Directors met regularly on an informal basis to discuss all matters associated with investment strategy, review of operations, and other Company matters.

Due to the size and scale of the Company, there is no Remuneration and Nomination Committee or Audit Committee at present. Matters typically dealt with by these Committees are, for the time being, managed by the Board. For details of the function of the Board, please refer to the Corporate Governance Statement.

### PRINCIPAL ACTIVITIES

The principal activity of the Group during the financial year was to develop products for document aggregation to streamline the administration of individual Self-Managed Superannuation Funds ("SMSF").

### FINANCIAL RESULTS

The financial results of the Company for the financial year ended 30 June 2017 are:

|                                | 30-Jun-17        | 30-Jun-16 |
|--------------------------------|------------------|-----------|
| Cash and cash equivalents (\$) | <b>2,522,472</b> | 3,480,902 |
| Net assets (\$)                | <b>2,427,407</b> | 2,950,296 |

|                         | 30-Jun-17        | 30-Jun-16 |
|-------------------------|------------------|-----------|
| Revenue (\$)            | <b>15,279</b>    | 11,217    |
| Net loss after tax (\$) | <b>(652,799)</b> | (999,442) |
| Loss per share (cents)  | <b>(0.38)</b>    | (0.97)    |

### REVIEW OF OPERATIONS

#### E-Collate

The Company is currently developing an innovative product (E-Collate) for document aggregation to streamline the administration of individual Self-Managed Superannuation Funds. The Company's unique technology uses proprietary software and interfaces to enable rapid arrangement, secure storage and efficient export of compliance sensitive documentation.

Positive progress in the delivery of the E-Collate software product continued during the year highlighted by advanced prototype testing and engagement with potential Business to Business (B2B) and Business to Consumer (B2C) customers.

Initial testing of prototype software is at an advanced stage and the Company is encouraged with feedback from the recent developments on the various modifications and extensions to E-Collate. The E-Collate platform is ready for active trials by end users. The analysis of the improvements in the scope and feature-set of the system allows the Company to further define which software development houses should be utilised in the final technical development and implementation of the software. To this stage, the technical in-house team has been largely responsible for the development of the foundation architecture prior to engaging external technical expertise.

The Company has had initial discussions with potential B2B and B2C customers for ongoing input and response to the developments of the E-Collate software. Responses from these groups are very positive, although the Company will need to continue these relationships to translate this interest into positive marketplace outcomes. The Company aims to secure pilot sites for future phases of the software development in both the B2B and B2C sectors.

## **DIRECTORS' REPORT**

### **Loyalty Option Entitlement Issue**

During the period, in recognition of the ongoing support of Shareholders, the Company completed a pro rata non-renounceable entitlement offer of one loyalty option (exercisable at \$0.05 on or before 11 August 2019) (Loyalty Options) for every five fully paid ordinary shares held by eligible shareholders at an issue price of \$0.002 per Loyalty Option (Entitlement Offer). The Entitlement Offer was fully underwritten by Patersons Securities Limited.

The Company received applications from Shareholders subscribing for 23,220,949 New Options in the Company totaling \$46,442, that were issued on 11 August 2016. A further \$22,666 was raised from the issue of the remaining 11,333,323 shortfall loyalty options on 12 August 2016. In addition, the Company issued 24,000,000 Listed Options to the Underwriter pursuant to the Prospectus lodged with ASX on 13 July 2016.

### **DIVIDENDS**

No dividends have been paid or declared by the Group since the end of the previous financial year.

No dividend is recommended in respect of the current financial year.

### **SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

There were no significant changes in state of affairs during and subsequent to the end of the financial year.

### **MATTERS SUBSEQUENT TO THE REPORTING PERIOD**

There has been no matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group.

### **LIKELY DEVELOPMENTS AND EXPECTED RESULTS**

Concurrent with E-Collates Pilot Program operations, TTL is building initial relationships with a range of SMSF providers for their participation in the full commercial release stage.

Post the end of the previous reporting period, migration of the login system to a self-service system has been completed and integration has been finalised for the remaining system modules. The Company now anticipates rapid up-take and testing of the system amongst SMSF end-users.



## DIRECTORS' REPORT

### REMUNERATION REPORT (AUDITED)

This remuneration report for the year ended 30 June 2017 outlines the remuneration arrangements of the Group in accordance with the requirements of the Corporations Act 2001 ("the Act") and its regulations. This information has been audited as required by section 308(3C) of the Act.

The Remuneration Report details the remuneration arrangements for Key Management Personnel ("KMP") who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Parent company.

#### a) Key Management Personnel Disclosed in this Report

Key Management Personnel of the Group during or since the end of the financial year were:

|               |                         |
|---------------|-------------------------|
| Peter Wall    | Non-Executive Chairman  |
| Jeremy King   | Non-Executive Director  |
| Edwin Bulseco | Non-Executive Director  |
| Bowen Plug    | Chief Executive Officer |

There have been no other changes after reporting date and up to the date that the financial report was authorised for issue.

The Remuneration Report is set out under the following main headings:

|   |                                                               |
|---|---------------------------------------------------------------|
| A | Remuneration Philosophy                                       |
| B | Remuneration Governance, Structure and Approvals              |
| C | Remuneration and Performance                                  |
| D | Details of Remuneration                                       |
| E | Service Agreements                                            |
| F | Share-based Compensation                                      |
| G | Equity Instruments Issued on Exercise of Remuneration Options |
| H | Loans with KMP                                                |
| I | Other Transactions with KMP                                   |

#### A Remuneration Philosophy

KMP have authority and responsibility for planning, directing and controlling the activities of the Group. KMP of Transcendence Technologies Ltd comprise of the Board of Directors.

The Group's broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

No remuneration consultants were employed during the financial year.

#### B Remuneration Governance, Structure and Approvals

Remuneration of Directors is currently set by the Board of Directors. The Board has not established a separate Remuneration Committee at this point in the Group's development, nor has the Board engaged the services of an external remuneration consultant. It is considered that the size of the Board along with the level of activity of the Group renders this impractical. The Board is primarily responsible for:

- The over-arching executive remuneration framework;

## DIRECTORS' REPORT

- Operation of the incentive plans which apply to executive directors and senior executives, including key performance indicators and performance hurdles;
- Remuneration levels of executives; and
- Non-Executive Director fees.

Their objective is to ensure that remuneration policies and structures are fair and competitive and aligned with the long-term interests of the Company.

### ❖ Non-Executive Remuneration Structure

The remuneration of Non-Executive Directors consists of Directors' fees, payable in arrears. The total aggregate fixed sum per annum to be paid to Non-Executive Directors in accordance with the Company's Constitution shall initially be no more than A\$200,000 and may be varied by ordinary resolution of the Shareholders in a General Meeting.

Remuneration of Non-Executive Directors is based on fees approved by the Board of Directors and is set at levels to reflect market conditions and encourage the continued services of the Directors. In accordance with the Company's Constitution, the Directors may at any time, subject to the Listing Rules, adopt any scheme or plan which they consider to be in the interests of the Company and which is designed to provide superannuation benefits for both present and future Non-Executive Directors, and they may from time to time vary this scheme or plan.

The remuneration of Non-Executive is detailed in Table 1 and their contractual arrangements are disclosed in "Section E – Service Agreements".

Remuneration may also include an invitation to participate in share-based incentive programmes in accordance with Company policy.

The nature and amount of remuneration is collectively considered by the Board of Directors with reference to relevant employment conditions and fees commensurate to a company of similar size and level of activity, with the overall objective of ensuring maximum stakeholder benefit from the retention of high performing Directors.

### ❖ Executive Remuneration Structure

The nature and amount of remuneration of executives are assessed on a periodic basis with the overall objective of ensuring maximum stakeholder benefit from the retention of high performance Directors.

The main objectives sought when reviewing executive remuneration is that the Company has:

- Coherent remuneration policies and practices to attract and retain Executives;
- Executives who will create value for shareholders;
- Competitive remuneration offered benchmarked against the external market; and
- Fair and responsible rewards to Executives having regard to the performance of the Group, the performance of the Executives and the general pay environment.

The remuneration of Executives is detailed in Table 1(a) and their contractual arrangements are disclosed in "Section E – Service Agreements".

### ❖ Executive Remuneration Approvals

The Company aims to reward Executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company and aligned with market practice. Executive contracts are reviewed annually by the Board, in the absence of a Remuneration Committee, for their approval. The process consists of a review of company, business unit and individual performance, relevant comparative remuneration internally and externally and where appropriate, external advice independent of management.

Executive remuneration and incentive policies and practices must be aligned with the Company's vision, values and overall business objectives. Executive remuneration and incentive policies and practices must be designed to motivate management to pursue the Company's long-term growth and success and demonstrate a clear relationship between the Company's overall performance and performance of the executives.

## DIRECTORS' REPORT

### C Remuneration and Performance

The following table shows the gross revenue, losses, earnings per share ("EPS") and share price of the Group as at 30 June 2017.

|                         | 30-Jun-17 | 30-Jun-16 |
|-------------------------|-----------|-----------|
| Revenue (\$)            | 15,279    | 11,217    |
| Net loss after tax (\$) | (652,799) | (999,442) |
| EPS (\$)                | (0.38)    | (0.97)    |
| Share price (\$)        | 0.020     | 0.024     |

#### Relationship between Remuneration and Company Performance

Given the early stages of product development, the Board does not consider earnings during the current and previous financial year when determining, and in relation to, the nature and amount of remuneration of KMP.

The pay and reward framework for key management personnel may consist of the following areas:

- a) Fixed Remuneration – base salary
- b) Variable Short-Term Incentives
- c) Variable Long-Term Incentives

The combination of these would comprise the key management personnel's total remuneration.

#### a) Fixed Remuneration – Base Salary

The fixed remuneration for each senior executive is influenced by the nature and responsibilities of each role and knowledge, skills and experience required for each position. Fixed remuneration provides a base level of remuneration which is market competitive and comprises a base salary inclusive of statutory superannuation. It is structured as a total employment cost package.

Key management personnel are offered a competitive base salary that comprises the fixed component of pay and rewards. External remuneration consultants may provide analysis and advice to ensure base pay is set to reflect the market for a comparable role. No external advice was taken this year. Base salary for key management personnel is reviewed annually to ensure the executives' pay is competitive with the market. The pay of key management personnel is also reviewed on promotion. There is no guaranteed pay increase included in any key management personnel's contract.

#### b) Variable Remuneration – Short Term Incentives (STI)

Discretionary cash bonuses may be paid to senior executives annually, subject to the requisite Board and shareholder approvals where applicable. No bonus payments were made during the financial year.

#### c) Variable Remuneration – Long Term Incentives (LTI)

The Company adopted an Incentive Option Scheme during the year ended 30 June 2017. The Scheme allows eligible participants to be granted Options to acquire Shares in the Company. The Board may grant Options to any Director, full or part time employee, or casual employee or contractor who falls within the definition of an Eligible Participant as defined in ASIC Class Order 14/1000. Each Option granted under the Scheme will be granted for nil or nominal consideration. Each Option is exercisable into one Share in the Company and the exercise price and expiry date for Options granted under the Scheme will be determined by the Board prior to the grant of the Options.

The Options granted may be subject to conditions on exercise as may be fixed by the Directors prior to grant of the Options. The Options will not be quoted on ASX.

## DIRECTORS' REPORT

### D Details of Remuneration

Details of the nature and amount of each major element of the remuneration of each KMP of the Group during the financial year are:

Table 1 – Remuneration of KMP of the Group for the year ended 30 June 2017 is set out below:

| 30 June 2017                   | Fixed Remuneration |                                               |       | Post-Employment | Share Based Payments | Total          |
|--------------------------------|--------------------|-----------------------------------------------|-------|-----------------|----------------------|----------------|
|                                | Salary & fees      | Annual and long service leave <sup>(iv)</sup> | Other | Super-annuation | Options & Rights     |                |
|                                | \$                 | \$                                            | \$    | \$              | \$                   | \$             |
| <b>Directors</b>               |                    |                                               |       |                 |                      |                |
| Peter Wall <sup>(i)</sup>      | 36,000             | -                                             | -     | -               | -                    | 36,000         |
| Jeremy King <sup>(ii)</sup>    | 36,000             | -                                             | -     | -               | -                    | 36,000         |
| Edwin Bulseco <sup>(iii)</sup> | 36,000             | -                                             | -     | -               | -                    | 36,000         |
| <b>Sub-total</b>               | <b>108,000</b>     |                                               |       |                 |                      | <b>108,000</b> |
| <b>Other Key Management</b>    |                    |                                               |       |                 |                      |                |
| Bowen Plug                     | 120,000            | 10,080                                        | -     | 11,400          | -                    | 141,480        |
| <b>Sub-total</b>               | <b>120,000</b>     | <b>10,080</b>                                 | -     | <b>11,400</b>   | -                    | <b>141,480</b> |
| <b>Total</b>                   | <b>228,000</b>     | <b>10,080</b>                                 | -     | <b>11,400</b>   | -                    | <b>249,480</b> |

- (i) An amount of \$36,000 has been paid/is payable to Pheakes Pty Ltd relating to Peter Wall Director Fees.
- (ii) An amount of \$36,000 has been paid/is payable to Bushwood Nominees Pty Ltd relating to Jeremy King Director Fees.
- (iii) An amount of \$36,000 has been paid/is payable to Kalcon Investments Pty Ltd relating to Edwin Bulseco Director Fees.
- (iv) These amounts are accounting accruals and have not actually been paid during the year.

Details of the remuneration of the Directors of the Company up to 30 June 2016 are set out below:

| 30 June 2016                | Fixed Remuneration |                                                 |          | Post-Employment    | Share Based Payments | Total \$       |
|-----------------------------|--------------------|-------------------------------------------------|----------|--------------------|----------------------|----------------|
|                             | Salary & fees \$   | Annual and long service leave <sup>(i)</sup> \$ | Other \$ | Super-annuation \$ | Options & Rights \$  |                |
|                             |                    |                                                 |          |                    |                      |                |
| <b>Directors</b>            |                    |                                                 |          |                    |                      |                |
| Mark Rowbottom (resigned)   | 19,250             | -                                               | -        | -                  | -                    | 19,250         |
| Zane Lewis (resigned)       | 39,293             | -                                               | -        | -                  | -                    | 39,293         |
| Peter Wall                  | 19,800             | -                                               | -        | -                  | -                    | 19,800         |
| Jeremy King                 | 2,150              |                                                 |          |                    |                      | 2,150          |
| Edwin Bulseco               | 2,200              |                                                 |          |                    |                      | 2,200          |
| <b>Sub-total</b>            | <b>82,693</b>      | -                                               | -        | -                  | -                    | <b>82,693</b>  |
| <b>Other Key Management</b> |                    |                                                 |          |                    |                      |                |
| Bowen Plug                  | 20,000             | 714                                             | -        | 1,900              | -                    | 22,614         |
| <b>Sub-total</b>            | <b>20,000</b>      | <b>714</b>                                      | -        | <b>1,900</b>       | -                    | <b>22,614</b>  |
| <b>Total</b>                | <b>102,693</b>     | <b>714</b>                                      | -        | <b>1,900</b>       | -                    | <b>105,307</b> |

- (i) These amounts are accounting accruals and have not actually been paid during the year.

## DIRECTORS' REPORT

The following table shows the relative proportions of remuneration that are linked to performance and those that are fixed, based on the amounts disclosed as statutory remuneration expense in the tables above:

Table 2 – Relative proportion of fixed vs variable remuneration expense

| Name                        | Fixed Remuneration |      | At Risk – STI (%) |      | At Risk – LTI (%) |      |
|-----------------------------|--------------------|------|-------------------|------|-------------------|------|
|                             | 2017               | 2016 | 2017              | 2016 | 2017              | 2016 |
| <b>Directors</b>            |                    |      |                   |      |                   |      |
| Peter Wall                  | 100%               | 100% | -                 | -    | -                 | -    |
| Jeremy King                 | 100%               | 100% | -                 | -    | -                 | -    |
| Edwin Bulseco               | 100%               | 100% | -                 | -    | -                 | -    |
| <b>Other Key Management</b> |                    |      |                   |      |                   |      |
| Bowen Plug                  | 100%               | 100% | -                 | -    | -                 | -    |

Table 3 – Shareholdings of KMP (direct and indirect holdings)

| Name                        | Balance at 01/07/2016 | Received as Remuneration | On Exercise of Options | Net Change - other | Balance at 30/06/2017 |
|-----------------------------|-----------------------|--------------------------|------------------------|--------------------|-----------------------|
| <b>Directors</b>            |                       |                          |                        |                    |                       |
| Peter Wall                  | 2,150,000             | -                        | -                      | -                  | 2,150,000             |
| Jeremy King                 | 500,000               | -                        | -                      | -                  | 500,000               |
| Edwin Bulseco               | 525,000               | -                        | -                      | -                  | 525,000               |
| <b>Other Key Management</b> |                       |                          |                        |                    |                       |
| Bowen Plug                  | 3,333,334             | -                        | -                      | -                  | 3,333,334             |
| <b>Total</b>                | <b>6,508,334</b>      | <b>-</b>                 | <b>-</b>               | <b>-</b>           | <b>6,508,334</b>      |

Table 3 – Option holdings of KMP (direct and indirect holdings)

|                             | Balance at 01/07/2016 | Granted as Remuneration | Exercised | Other (i)         | Balance at 30/06/2017 | Vested & Exercisable |
|-----------------------------|-----------------------|-------------------------|-----------|-------------------|-----------------------|----------------------|
| <b>Directors</b>            |                       |                         |           |                   |                       |                      |
| Peter Wall                  | -                     | -                       | -         | 2,500,000         | 2,500,000             | 2,500,000            |
| Jeremy King                 | 500,000               | -                       | -         | 5,100,000         | 5,600,000             | 5,100,000            |
| Edwin Bulseco               | 500,000               | -                       | -         | 5,105,000         | 5,605,000             | 5,105,000            |
| <b>Other Key Management</b> |                       |                         |           |                   |                       |                      |
| Bowen Plug                  | 3,333,334             | -                       | -         | 666,668           | 4,000,002             | 666,668              |
| <b>Total</b>                | <b>4,333,334</b>      | <b>-</b>                | <b>-</b>  | <b>13,371,668</b> | <b>17,705,002</b>     | <b>13,871,668</b>    |

- (i) 13,371,668 listed options issued at an issue price \$0.002 per options. The options are exercisable at \$0.05 on or before 11 August 2019.

### E Service Agreements

#### ❖ Mr Peter Wall – Non-Executive Chairman

- Contract: Commenced on 4 October 2015.
- Director's Fee: A\$36,000 per annum.
- Term: 3 years.

#### ❖ Mr Jeremy King – Non-Executive Director

- Contract: Commenced on 8 June 2016.
- Director's Fee: A\$36,000 per annum.
- Term: 3 years.

## DIRECTORS' REPORT

### ❖ Mr Edwin Bulseco – Non-Executive Director

- Contract: Commenced on 8 June 2016.
- Director's Fee: A\$36,000 per annum.
- Term: 3 years.

### ❖ Mr Bowen Plug – Chief Executive Officer

- Contract: Commenced on 8 June 2016.
- Remuneration: A\$120,000 per annum.
- Termination Benefit: 2 months base salary. Termination benefits are payable on early termination by the Company, other than for gross misconduct.

## F Share-based Compensation

The Company rewards Directors for their performance and aligns their remuneration with the creation of shareholder wealth by issuing share options and/or performance rights. Share-based compensation is at the discretion of the Board and no individual has a contractual right to receive any guaranteed benefits.

### Options

During the current financial year, the Company issued the following:

- 2,500,000 options to Peter Wall, exercisable at \$0.05 on 11 August 2016,
- 5,000,000 options to Jeremy King, exercisable at \$0.05 on 11 August 2016,
- 5,000,000 options to Edwin Bulseco, exercisable at \$0.05 on 11 August 2016,

At the date of this report, the unissued ordinary shares of the Company under option carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share of the Company.

## G Equity Instruments Issued on Exercise of Remuneration Options

No remuneration options were exercised during the financial year.

## H Loans with KMP

There were no loans made to any KMP during the year ended 30 June 2017 (2016: nil).

There were no loans from any KMP during the year ended 30 June 2017 (2016: nil).

## I Other Transactions with KMP

During the financial year, the Company incurred legal fees of \$99,617, payable to Steinepreis Paganin (a Company of which Peter Wall is a Director).

During the financial year, the Company incurred fees of \$91,560 for company secretarial and accounting services payable to Mirador Corporate (a Company of which Jeremy King is a Director).

During the financial year, the Company incurred fees of \$24,698 for company secretarial and accounting services payable to Grange Consulting (a Company of which Jeremy King was a previous Director).

There were no other transactions with KMP during the year ended 30 June 2017.

**End of Audited Remuneration Report.**

## DIRECTORS' REPORT

### INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

During the year ended 30 June 2017, the Company paid premiums in respect of a contract insuring the directors and officers of the Company against liabilities incurred as directors or officers to the extent permitted by the Corporations Act 2001.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the consolidated entity, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for them or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

### PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purposes of taking responsibility on behalf of the Company for all or part of these proceedings.

### NON-AUDIT SERVICES

The Board of Directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditors, as set out below, did not compromise the auditor independent requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the Board of Directors to ensure they do not impact the impartiality and objectivity of the auditor; and
- None of the services undermine the general principles relating to the auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

During the financial year, Hall Chadwick, the Group's auditor did not provide any services other than their statutory duties.

### AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration is set out on page 15 and forms part of the Directors' Report for the financial year ended 30 June 2017.

This report is signed in accordance with a resolution of Board of Directors.



**Peter Wall**

**Non-Executive Chairman**

**31 August 2017**

**TRANSCENDENCE TECHNOLOGIES LIMITED  
ABN 57 096 781 716**

**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF  
TRANSCENDENCE TECHNOLOGIES LIMITED**

**SYDNEY**

Level 40  
2 Park Street  
Sydney NSW 2000  
Australia

GPO Box 3555  
Sydney NSW 2001

Ph: (612) 9263 2600  
Fx: (612) 9263 2800

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2017 there have been no contraventions of:

- (i) the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

*Nell Chadwick*

Hall Chadwick  
Level 40, 2 Park Street  
Sydney NSW 2000

*Graham Webb*

**GRAHAM WEBB**

Partner

Date: 31 August 2017

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and consulting firms

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

For the Financial Year Ended 30 June 2017

|                                                                                                       | <b>Note</b> | <b>2017</b><br><b>\$</b> | <b>2016</b><br><b>\$</b> |
|-------------------------------------------------------------------------------------------------------|-------------|--------------------------|--------------------------|
| Interest income                                                                                       | 2           | <b>15,279</b>            | 11,217                   |
| Forgiveness of loans                                                                                  | 2           | -                        | 104,696                  |
| Compliance and regulatory expenses                                                                    |             | <b>(101,771)</b>         | (174,526)                |
| Consulting and corporate expenses                                                                     | 3           | <b>(277,761)</b>         | (310,912)                |
| Employee and Director benefits                                                                        |             | <b>(241,444)</b>         | (103,655)                |
| Finance Costs                                                                                         |             | <b>(290)</b>             | (558)                    |
| Other expenses                                                                                        |             | <b>(23,098)</b>          | -                        |
| Research expenses                                                                                     |             | <b>(23,714)</b>          | -                        |
| Impairment of goodwill                                                                                |             | -                        | (525,704)                |
| <b>Loss before income tax</b>                                                                         |             | <b>(652,799)</b>         | (999,442)                |
| Income tax expense                                                                                    | 4           | -                        | -                        |
| <b>Loss after income tax</b>                                                                          |             | <b>(652,799)</b>         | (999,442)                |
| <b>Other comprehensive income</b>                                                                     |             |                          |                          |
| Other comprehensive income for the year, net of income tax                                            |             | -                        | -                        |
| <b>Total comprehensive loss attributable to the members of Transcendence Technologies Limited</b>     |             | <b>(652,799)</b>         | (999,442)                |
| <b>Loss per share for the year attributable to the members of Transcendence Technologies Limited:</b> |             |                          |                          |
| Basic loss per share (cents)                                                                          | 5           | <b>(0.38)</b>            | (0.97)                   |
| Diluted loss per share (cents)                                                                        | 5           | <b>(0.38)</b>            | (0.97)                   |

The Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the notes to the financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 30 June 2017

|                                  | <b>Note</b> | <b>2017</b><br><b>\$</b> | <b>2016</b><br><b>\$</b> |
|----------------------------------|-------------|--------------------------|--------------------------|
| <b>ASSETS</b>                    |             |                          |                          |
| <b>Current assets</b>            |             |                          |                          |
| Cash and cash equivalents        | 8           | <b>2,522,472</b>         | 3,480,902                |
| Trade and other receivables      | 9           | <b>14,767</b>            | 65,210                   |
| <b>Total current assets</b>      |             | <b>2,537,239</b>         | 3,546,112                |
| <b>Non-current assets</b>        |             |                          |                          |
| Property Plant and equipment     |             | <b>3,169</b>             | 5,282                    |
| <b>Total non-current assets</b>  |             | <b>3,169</b>             | 5,282                    |
| <b>Total assets</b>              |             | <b>2,540,408</b>         | 3,551,394                |
| <b>LIABILITIES</b>               |             |                          |                          |
| <b>Current liabilities</b>       |             |                          |                          |
| Trade and other payables         | 10          | <b>102,207</b>           | 601,098                  |
| Provisions                       | 11          | <b>10,794</b>            | -                        |
| <b>Total current liabilities</b> |             | <b>113,001</b>           | 601,098                  |
| <b>Total liabilities</b>         |             | <b>113,001</b>           | 601,098                  |
| <b>Net assets</b>                |             | <b>2,427,407</b>         | 2,950,296                |
| <b>EQUITY</b>                    |             |                          |                          |
| Issued capital                   | 12          | <b>14,471,769</b>        | 14,441,209               |
| Reserves                         | 13          | <b>199,349</b>           | 100,000                  |
| Accumulated losses               |             | <b>(12,243,711)</b>      | (11,590,912)             |
| <b>Total equity</b>              |             | <b>2,427,407</b>         | 2,950,297                |

The Consolidated Statement of Financial Position is to be read in conjunction with the notes to the financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the Financial Year Ended 30 June 2017

|                                                                   | <b>Issued Capital</b> | <b>Issued Options</b> | <b>Accumulated Losses</b> | <b>Total</b>     |
|-------------------------------------------------------------------|-----------------------|-----------------------|---------------------------|------------------|
|                                                                   | <b>\$</b>             | <b>\$</b>             | <b>\$</b>                 | <b>\$</b>        |
| <b>At 1 July 2015</b>                                             | <b>10,110,828</b>     | <b>-</b>              | <b>(10,591,470)</b>       | <b>(480,642)</b> |
| Loss for the year                                                 | -                     | -                     | (999,442)                 | (999,442)        |
| <b>Total comprehensive income/(loss) for the year after tax</b>   | <b>-</b>              | <b>-</b>              | <b>(999,442)</b>          | <b>(999,442)</b> |
| <b>Transactions with owners in their capacity as owners:</b>      |                       |                       |                           |                  |
| Shares issued during the year, net of transaction costs           | 4,330,381             | -                     | -                         | 4,330,381        |
| Options issued during the year                                    |                       | 100,000               | -                         | 100,000          |
|                                                                   | <b>4,330,381</b>      | <b>100,000</b>        | <b>-</b>                  | <b>4,430,381</b> |
| <b>Balance at 30 June 2016</b>                                    | <b>14,441,209</b>     | <b>100,000</b>        | <b>(11,590,912)</b>       | <b>2,950,297</b> |
| <b>At 1 July 2016</b>                                             | <b>14,441,209</b>     | <b>100,000</b>        | <b>(11,590,912)</b>       | <b>2,950,297</b> |
| Loss for the year                                                 | -                     | -                     | (652,799)                 | (652,799)        |
| <b>Total comprehensive income/(loss) for the period after tax</b> | <b>-</b>              | <b>-</b>              | <b>(652,799)</b>          | <b>(652,799)</b> |
| <b>Transactions with owners in their capacity as owners:</b>      |                       |                       |                           |                  |
| Issue of share capital                                            | 28,500                | -                     | -                         | 28,500           |
| Share issue costs refund                                          | 2,060                 | -                     | -                         | 2,060            |
| Listed options issued                                             | -                     | 99,349                | -                         | 99,349           |
| <b>Balance at 30 June 2017</b>                                    | <b>14,471,769</b>     | <b>199,349</b>        | <b>(12,243,711)</b>       | <b>2,427,407</b> |

The Consolidated Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS**

For the Financial Year Ended 30 June 2017

|                                                                         | <b>Note</b> | <b>2017</b>      | <b>2016</b> |
|-------------------------------------------------------------------------|-------------|------------------|-------------|
|                                                                         |             | <b>\$</b>        | <b>\$</b>   |
| <b>Cash flows from operating activities</b>                             |             |                  |             |
| Payments to suppliers and employees                                     |             | <b>(862,735)</b> | (320,956)   |
| Interest received                                                       |             | <b>15,279</b>    | 11,217      |
| <b>Net cash used in operating activities</b>                            | 8(b)        | <b>(847,456)</b> | (309,739)   |
| <b>Cash flows from investing activities</b>                             |             |                  |             |
| Payments for property, plant and equipment                              |             | <b>(875)</b>     | (30,000)    |
| Loan provided to unrelated party                                        |             | -                | 5,582       |
| Loan repayment from unrelated party                                     |             | -                | 30,000      |
| <b>Net cash from investing activities</b>                               |             | <b>(875)</b>     | 5,582       |
| <b>Cash flows from financing activities</b>                             |             |                  |             |
| Proceeds from issue of shares <sup>(i)</sup>                            |             | <b>28,500</b>    | 6,491,513   |
| Share issue costs <sup>(ii)</sup>                                       |             | <b>(237,948)</b> | -           |
| Proceeds from unissued shares net of transaction costs <sup>(iii)</sup> |             | <b>99,349</b>    | -           |
| Refund of share application monies                                      |             | -                | (2,767,000) |
| <b>Net cash from financing activities</b>                               |             | <b>(110,099)</b> | 3,724,513   |
| <b>Net (decrease) / increase in cash and cash equivalents</b>           |             | <b>(958,430)</b> | 3,420,356   |
| <b>Cash and cash equivalents at the beginning of the year</b>           |             | <b>3,480,902</b> | 60,546      |
| <b>Cash and cash equivalents at the end of the year</b>                 | 8(a)        | <b>2,522,472</b> | 3,480,902   |

- (i) Proceeds from issue of shares from the exercise of options during the year.  
(ii) Current year balance comprises share issue costs that relate to prior period share issue, net of refunds.  
(iii) Current year balance represents proceeds from options issued during the year.

The Consolidated Statement of Cash Flows is to be read in conjunction  
with the notes to the financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Reporting Entity

Transcendence Technologies Limited (referred to as “TTL” or the “Company”) is a company domiciled in Australia. The address of the Company’s registered office and principal place of business is disclosed in the Corporate Directory of the Annual Report. The consolidated financial statements of the Company as at and for the year ended 30 June 2017 comprise the Company and its subsidiaries (together referred to as the “consolidated entity” or the “Group”). The nature of the operations and principal activities of the Group are described in the Director’s Report.

#### (b) Basis of Preparation

##### ***Statement of Compliance***

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (“AASB”) and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards (“IFRS”) adopted by the International Accounting Standards Board (“IASB”). Transcendence Technologies Limited is a for-profit entity for the purpose of preparing the financial statements.

The financial statements are authorised for issue on 31 August 2017 by the directors of the Company.

##### ***Basis of measurement***

The consolidated financial statements have been prepared on a going concern basis in accordance with the historical cost convention, unless otherwise stated.

##### ***New, revised or amended standards and interpretations adopted by the Group***

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (“AASB”) that are mandatory for the current reporting period.

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 January 2016 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

##### ***New standards and interpretations not yet mandatory or early adopted***

The Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2017. The Group intends to adopt these standards and interpretations, if applicable, when they become effective.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

| Reference and Title                             | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Application Date of Standard                                    | Impact on Transcendence Technologies Limited Financial Statements                                                                                                      |
|-------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| AASB 9 – Financial Instruments                  | AASB 9 (December 2014) is a new Principal standard which replaces AASB 139. This new Principal version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a simple, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.<br><br>AASB 9 is effect for annual periods beginning on or after 1 January 2018. However, the Standard is available for early application.                                                                   | Annual reporting periods commencing on or after 1 January 2018. | When this standard is first adopted from 1 January 2018, there will be no impact on transactions and balances recognised in the financial statements.                  |
| AASB 15 – Revenue from Contracts with Customers | An entity will recognise 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 exchanged for those goods or services. This means that revenue will be recognised when control of foods or services is transferred, rather than on transfer of risks and rewards as is current the case under IAS 18 <i>Revenue</i> .                                                                                                                                                            | Annual reporting periods commencing on or after 1 January 2018. | When this standard is first adopted from 1 January 2018, this standard will not significantly impact transactions and balances recognised in the financial statements. |
| AASB 16 (issued February 2016) Leases           | AASB 16 eliminates the operating and finance lease classifications for lessees current accounted for under AASB 117 Leases. It instead requires an entity to bring most leases onto its balance sheet in a similar way to how existing finance leases are treated under AASB 117. An entity will be required to recognise a lease liability and a right of use asset in its balance sheet for most leases.<br><br>There are some optional exemptions for leases with a period of 12 months or less and for low value leases.<br><br>Lessor accounting remains largely unchanged from AASB 117. | Annual reporting periods commencing on or after 1 January 2019. | When this standard is first adopted from 1 January 2019, there will be minimal impact on transactions and balances recognised in the financial statements.             |

### Significant Judgements and Estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 1(u).

### (c) Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent Transcendence Technologies Limited and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (c) Principles of Consolidation (continued)

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

#### (d) Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is obtained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

#### (e) Goodwill

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

- (i) the consideration transferred;
- (ii) any non-controlling interest (determined under either the full goodwill or proportionate interest method);
- and
- (iii) the acquisition date fair value of any previously held equity interest.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

Fair value re-measurements in any pre-existing equity holdings are recognised in profit or loss in the period in which they arise. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds less than 100% interest will depend on the method adopted in measuring the non-controlling interest. The Group can elect in most circumstances to measure the non-controlling interest in the acquiree either at fair value (*full goodwill method*) or at the non-controlling interest’s proportionate share of the subsidiary’s identifiable net assets (*proportionate interest method*). In such circumstances, the Group determines which method to adopt for each acquisition and this is stated in the respective notes to these financial statements disclosing the business combination.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (e) Goodwill (continued)

Under the full goodwill method, the fair value of the non-controlling interest is determined using valuation techniques which make the maximum use of market information where available. Under this method, goodwill attributable to the non-controlling interest is recognised in the consolidated financial statements.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates

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

#### (f) Functional and Presentation Currency

The financial statements have been presented in Australian dollars, which is the Company's functional currency.

#### (g) Going Concern

The consolidated financial statements have been prepared on a going concern basis, which contemplates continuity of normal trading activities and realisation of assets and settlement of liabilities in the normal course of business.

The Consolidated Entity has incurred a net loss after tax of \$652,799 (2016: loss of \$999,442) and net cash outflows used in operations of \$847,456 (2016: outflows of \$309,739).

The ability of the Consolidated Entity to continue as a going concern is dependent on the Consolidated Entity receiving revenues from the successful launch of E-Collate's IT software platform and being able to raise additional funds as required to fund ongoing technology development and for working capital.

The Consolidated Entity's budget for the period to August 2018 indicates that the Consolidated Entity will have sufficient cash to continue the development of E-Collate's software platform without raising additional funds.

#### (h) Income Tax

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

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (h) Income Tax (continued)

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

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

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

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

#### (i) Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (j) Impairment of assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expenses to the statement of profit or loss and other comprehensive income.

Impairment testing is performed annually and tangible assets with indefinite lives. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

#### (k) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST on investing and financial activities, which are disclosed as operating cash flows.

#### (l) Financial Instruments

##### Recognition and initial measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

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

##### Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and

other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

#### (ii) Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

#### (m) Impairment

At the end of each reporting period, the Company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a “loss event”) having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

#### Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

#### (n) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short term high liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within short term borrowings in current liabilities in the statement of financial position.

#### (o) Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (p) Revenue and Other Income

Interest revenue is recognised using the effective interest method.

#### (q) Trade and Other Payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

#### (r) Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### (s) Earnings per share

##### *Basic earnings per share*

Basic earnings per share is determined by dividing net profit or loss after income tax attributable to members of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

##### *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

#### (t) Comparatives

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current year.

#### (u) Critical Accounting Estimates and Judgments

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

##### *Key Estimates — Impairment*

At each reporting date, the Company reviews the carrying value of tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amounts of the asset, being the higher of the asset's fair value costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

|                                                   | <b>2017</b>   | 2016    |
|---------------------------------------------------|---------------|---------|
|                                                   | <b>\$</b>     | \$      |
| <b>NOTE 2 REVENUE AND OTHER INCOME</b>            |               |         |
| Debt forgiven (from related party) <sup>(i)</sup> | -             | 104,696 |
| Interest income                                   | <b>15,279</b> | 11,217  |
|                                                   | <b>15,279</b> | 115,913 |

(i) During the 2016 financial year, directors agreed to write off amounts owing to their related companies being Steinpreis Paganin, Allegra Corporate Pty Ltd and SmallCap Corporate Pty Ltd for a total forgiveness of \$104,696.

**NOTE 3 EXPENSES****Consulting and corporate expenses**

|                                         |                |         |
|-----------------------------------------|----------------|---------|
| Accounting and company secretarial fees | <b>97,890</b>  | 96,665  |
| Corporate advisory fees                 | <b>82,000</b>  | 93,222  |
| Legal fees                              | <b>97,871</b>  | 121,025 |
|                                         | <b>277,761</b> | 310,912 |

**NOTE 4 INCOME TAX EXPENSE**

(a) The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:

|                                                                                                   |                  |           |
|---------------------------------------------------------------------------------------------------|------------------|-----------|
| Prima facie tax payable on loss from ordinary activities before income tax at 27.5% (2016: 28.5%) | <b>(179,520)</b> | (143,548) |
| Other non-allowable items                                                                         | -                | 110       |
| Capital loss                                                                                      | -                | 23,658    |
| Temporary differences                                                                             | <b>(1,514)</b>   | 8,058     |
| Deferred tax assets not recognised                                                                | <b>181,034</b>   | 111,722   |
| <b>Income tax expense</b>                                                                         | <b>-</b>         | -         |

**Tax losses**

The amount of deductible temporary differences and unused tax losses for which no deferred tax assets have been brought to account:

|   |                                              |           |                   |
|---|----------------------------------------------|-----------|-------------------|
| - | Temporary differences:                       | \$38,769  | (2016: \$44,725)  |
| - | Tax losses: Operating Losses Carried Forward | \$656,155 | (2016: \$392,006) |
| - | Tax losses: capital losses                   | \$83,009  | (2016: \$83,009)  |

The benefit of the above temporary differences and unused tax losses will only be realised if the conditions for deductibility set out in Note 1(h) occur. These amounts have no expiry date.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

| <b>NOTE 5      LOSS PER SHARE</b>                                                | <b>2017</b>        | <b>2016</b>      |
|----------------------------------------------------------------------------------|--------------------|------------------|
|                                                                                  | <b>\$</b>          | <b>\$</b>        |
| Net loss for the year                                                            | <b>(652,799)</b>   | <b>(999,442)</b> |
| Weighted average number of ordinary shares for basic and diluted loss per share. | <b>173,210,532</b> | 102,698,357      |
| Basic and diluted loss per share (cents)                                         | <b>(0.38)</b>      | (0.97)           |

**NOTE 6      AUDITOR'S REMUNERATION**

Amounts received or due and receivable by Hall Chadwick for:

|                                                         |               |        |
|---------------------------------------------------------|---------------|--------|
| - Audit and review of the financial report of the Group | <b>21,500</b> | 18,000 |
| <b>Total auditor remuneration</b>                       | <b>21,500</b> | 18,000 |

**NOTE 7      RELATED PARTY TRANSACTIONS**

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Company Key Management Personnel ("KMP") for the year ended 30 June 2017.

**(a) Key management personnel compensation**

|                              |                |         |
|------------------------------|----------------|---------|
| Short-term employee benefits | <b>249,480</b> | 104,593 |
|                              | <b>249,480</b> | 104,593 |

**Short-term employee benefits**

These amounts include fees and benefits paid to the Non-Executive Chairman and Non-Executive Directors as well as all salary and leave benefits to other KMP.

**(b) Transactions with related parties**

During the year, the Group incurred legal fees, payable to Steinepreis Paganin (a company of which Peter Wall is a Partner). The Group also incurred consulting fees, payable to Mirador Corporate Pty Ltd ("Mirador") and Grange Consulting Pty Ltd ("Grange"). Mirador is a company of which Jeremy King is a Director and Grange is a company of which Jeremy King was previously a Director.

|                           |               |        |
|---------------------------|---------------|--------|
| Steinepreis Paganin       | <b>99,617</b> | 91,310 |
| Mirador Corporate Pty Ltd | <b>91,560</b> | -      |
| Grange Consulting Pty Ltd | <b>24,698</b> | -      |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

|                                         | 2017             | 2016             |
|-----------------------------------------|------------------|------------------|
|                                         | \$               | \$               |
| <b>NOTE 8 CASH AND CASH EQUIVALENTS</b> |                  |                  |
| <b>(a) Reconciliation of cash</b>       |                  |                  |
| Cash at bank                            | 522,472          | 3,480,902        |
| Short-term deposits                     | 2,000,000        | -                |
|                                         | <b>2,522,472</b> | <b>3,480,902</b> |

Cash at bank earns interest at floating rates based on daily deposit rates. Short-term deposits are made in varying periods between one day and three months, depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit rates.

**(b) Reconciliation of net loss after income tax to net cash flows used in operating activities**

|                                                      |                  |                  |
|------------------------------------------------------|------------------|------------------|
| Loss for the financial year                          | (652,799)        | (999,442)        |
| Adjustments for:                                     |                  |                  |
| Depreciation                                         | 2,988            | -                |
| Forgiveness of loan payable                          | -                | (104,696)        |
| Impairment of goodwill                               | -                | 525,704          |
| <b>Change in assets and liabilities</b>              |                  |                  |
| (Increase) / decrease in trade and other receivables | 50,443           | (28,726)         |
| Increase / (decrease) in trade and other payables    | (258,882)        | 297,422          |
| Increase / (decrease) in provisions                  | 10,794           | -                |
| <b>Net cash flow used in operating activities</b>    | <b>(847,456)</b> | <b>(309,738)</b> |

**NOTE 9 TRADE AND OTHER RECEIVABLES**

|                   |               |               |
|-------------------|---------------|---------------|
| Other receivables | 14,767        | 65,210        |
|                   | <b>14,767</b> | <b>65,210</b> |

**NOTE 10 TRADE AND OTHER PAYABLES**

|                                        |                |                |
|----------------------------------------|----------------|----------------|
| Trade creditors                        | 1,986          | 424,776        |
| Subscription money received in advance | 40,000         | 40,000         |
| Accrued expenses                       | 25,937         | 136,322        |
| Other payables                         | 34,284         | -              |
|                                        | <b>102,207</b> | <b>601,098</b> |

**NOTE 11 PROVISIONS**

|                        |               |          |
|------------------------|---------------|----------|
| Annual leave provision | 10,794        | -        |
|                        | <b>10,794</b> | <b>-</b> |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 12 ISSUED CAPITAL

#### a) ORDINARY SHARES

|                            | 2017               |                   | 2016        |            |
|----------------------------|--------------------|-------------------|-------------|------------|
|                            | No.                | \$                | \$          | No.        |
| Fully paid ordinary shares | <b>173,720,669</b> | <b>14,471,769</b> | 172,770,669 | 14,441,209 |

| <i>Movement in ordinary shares</i>        | No.                | \$                | Issue Price |
|-------------------------------------------|--------------------|-------------------|-------------|
| Balance at 1 July 2015                    | 15,160,957         | 10,110,828        |             |
| Issue of ordinary shares <sup>(i)</sup>   | 3,790,240          | 75,805            | \$0.02      |
| Issue of ordinary shares <sup>(ii)</sup>  | 12,000,000         | 240,000           | \$0.02      |
| Issue of ordinary shares <sup>(iii)</sup> | 3,509,472          | 105,284           | \$0.03      |
| Issue of ordinary shares <sup>(iv)</sup>  | 120,000,000        | 3,600,000         | \$0.03      |
| Issue of ordinary shares <sup>(v)</sup>   | 10,000,000         | 340,000           |             |
| Issue of ordinary shares <sup>(vi)</sup>  | 8,310,000          | 249,300           | \$0.03      |
| Transaction costs                         | -                  | (240,008)         |             |
| <b>Balance at 30 June 2016</b>            | <b>172,770,669</b> | <b>14,441,209</b> |             |

| <i>Movement in ordinary shares</i> | No.                | \$                           | Issue Price   |
|------------------------------------|--------------------|------------------------------|---------------|
| Balance at 1 July 2016             | <b>172,770,669</b> | <b>14,441,209</b>            |               |
| Exercise of options                | <b>950,000</b>     | <b>28,500</b>                | <b>\$0.03</b> |
| Transaction costs                  | -                  | <b>2,060</b> <sup>(vi)</sup> |               |
| <b>Balance at 30 June 2017</b>     | <b>173,720,669</b> | <b>14,471,769</b>            |               |

Ordinary shares entitle the holder to participate in the dividends and the proceeds on winding up in proportion to the number of and amounts paid on the shares held.

At shareholders meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

- (ii) 3,790,240 fully paid ordinary shares at 2 cents per share to raise total consideration of \$75,805.
- (iii) 12,000,000 fully paid ordinary shares at 2 cents per share upon conversion of convertible note facility.
- (iv) 120,000,000 fully paid ordinary shares at 3 cents per share to raise total consideration of \$3,600,000 pursuant to the offer made under the Prospectus dated 11 December 2015.
- (v) 10,000,000 fully paid ordinary shares at nil consideration for the acquisition of E-Collate pursuant to the Consideration offer made under the Prospectus dated 11 December 2015.
- (vi) 8,310,000 fully paid ordinary shares at 3 cents per share to raise total consideration of \$249,300, issued pursuant to the creditors offer made under the Prospectus dated 11 December 2015.
- (vii) Refund of share issue costs paid during FY2017.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 13 RESERVES

|                                       | 2017           | 2016    |
|---------------------------------------|----------------|---------|
|                                       | \$             | \$      |
| Options reserve                       | <b>199,349</b> | 100,000 |
|                                       | <b>199,349</b> | 100,000 |
| <b><i>Movement reconciliation</i></b> |                |         |
| Balance at the beginning of the year  | <b>100,000</b> | -       |
| Options issued                        | <b>99,349</b>  | 100,000 |
| Balance at the end of the year        | <b>199,349</b> | 100,000 |

### NOTE 14 SEGMENT INFORMATION

The Company has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The information presented in the financial report is the same information that is viewed by the Directors.

The Company is currently operating in one business segment being an administrative entity in the technology sector and one geographic region being Australia.

### NOTE 15 CONTINGENCIES

There are no contingent assets or contingent liabilities as at 30 June 2017 (2016: nil).

### NOTE 16 COMMITMENTS

There are no commitments as at 30 June 2017 (2016: nil).

### NOTE 17 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unprofitability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods included sensitivity analysis in the case of interest rate and ageing analysis for credit risk.

Risk management is carried out by the Board of Directors ('the Board') and includes identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 17 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

The carrying values of the Company's financial instruments are as follows:

|                              | 2017<br>\$       | 2016<br>\$       |
|------------------------------|------------------|------------------|
| <b>Financial Assets</b>      |                  |                  |
| Cash and cash equivalents    | 2,522,472        | 3,480,902        |
| Trade and other receivables  | 14,767           | 65,210           |
|                              | <b>2,537,239</b> | <b>3,546,112</b> |
| <b>Financial Liabilities</b> |                  |                  |
| Trade and other payables     | 113,001          | 601,098          |
|                              | <b>113,001</b>   | <b>601,098</b>   |

#### (a) Market risk

##### (i) Foreign exchange risk

The Company is not significantly exposed to foreign currency risk fluctuations.

##### (ii) Interest rate risk

The Group is exposed to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates on interest bearing financial instruments. The Group's exposure to this risk relates primarily to the Group's cash and any cash on deposit. The Group does not use derivatives to mitigate these exposures. The Group manages its exposure to interest rate risk by holding certain amounts of cash in fixed and floating interest rate facilities. At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was:

|                           | 2017                                                |               | 2016                                 |               |
|---------------------------|-----------------------------------------------------|---------------|--------------------------------------|---------------|
|                           | Weighted<br>average<br>interest rate <sup>(i)</sup> | Balance<br>\$ | Weighted<br>average interest<br>rate | Balance<br>\$ |
| Cash and cash equivalents | 1.68%                                               | 2,522,472     | 0.60%                                | 3,480,902     |

(i) This interest rate represents the average interest rate for the period.

#### (b) Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents and trade and other receivables. The Group's exposure to credit risk arises from potential default of the counterparty, with maximum exposure equal to the carrying amount of the financial assets.

The Group's policy is to trade only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms will be subject to credit verification procedures.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. There are no significant concentrations of credit risk within the Group except for cash and cash equivalents.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 17 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### (c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation.

The Group manages liquidity risk by maintaining adequate cash reserves from funds raised in the market and by continuously monitoring forecast and actual cash flows. The Group does not have any external borrowings.

The following are the contractual maturities of financial liabilities:

|                          | 6 months<br>\$ | 6-12 months<br>\$ | 1-5 years<br>\$ | > 5 years<br>\$ | Total<br>\$    |
|--------------------------|----------------|-------------------|-----------------|-----------------|----------------|
| <b>2017</b>              |                |                   |                 |                 |                |
| Trade and other payables | <b>113,001</b> | -                 | -               | -               | <b>113,001</b> |
| <b>2016</b>              |                |                   |                 |                 |                |
| Trade and other payables | 601,098        | -                 | -               | -               | 601,098        |

#### (d) Capital risk management

The Group's objectives when managing capital are to:

- Safeguard their ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the number of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Given the stage of the Group's development there are no formal targets set for return on capital. There were no changes to the Group's approach to capital management during the year. The Group is not subject to externally imposed capital requirements. The net equity of the Group is equivalent to capital. Net capital is obtained through capital raisings on the Australian Securities Exchange ("ASX").

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 18 PARENT INFORMATION

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.

|                                                                   | 2017             | 2016             |
|-------------------------------------------------------------------|------------------|------------------|
|                                                                   | \$               | \$               |
| <b>Statement of Financial Position</b>                            |                  |                  |
| <b>Assets</b>                                                     |                  |                  |
| Current assets                                                    | 2,536,096        | 3,570,114        |
| Non-current assets                                                | 504,829          | -                |
| <b>Total Assets</b>                                               | <b>3,040,925</b> | <b>3,570,114</b> |
| <b>Liabilities</b>                                                |                  |                  |
| Current liabilities                                               | 56,754           | 514,051          |
| <b>Total Liabilities</b>                                          | <b>56,754</b>    | <b>514,051</b>   |
| <b>Equity</b>                                                     |                  |                  |
| Issued capital                                                    | 14,471,769       | 14,441,209       |
| Retained earnings                                                 | (11,726,947)     | (11,485,146)     |
| Issued options reserve                                            | 199,349          | 100,000          |
| <b>Total Equity</b>                                               | <b>2,984,171</b> | <b>3,056,063</b> |
| <b>Statement of Profit or Loss and Other Comprehensive Income</b> |                  |                  |
| Loss for the year                                                 | (606,801)        | (893,676)        |
| <b>Total Comprehensive Income</b>                                 | <b>(606,801)</b> | <b>(893,676)</b> |

### NOTE 19 INVESTMENT IN SUBSIDIARIES

#### Information about Principal Subsidiaries

The subsidiary listed below has share capital consisting solely of ordinary shares, which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by the Group. Each subsidiary's principal place of business is also its country of incorporation.

| Name of Subsidiary       | Principal Place of Business | Ownership Interest Held by the Group |      |
|--------------------------|-----------------------------|--------------------------------------|------|
|                          |                             | 2017                                 | 2016 |
|                          |                             | %                                    | %    |
| <i>E-Collate Pty Ltd</i> | Australia                   | 100                                  | 100  |

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

### **NOTE 20 BUSINESS COMBINATION**

In the prior period, Transcendence Technologies Limited acquired 100% ownership interest in E-Collate Pty Ltd (“E-Collate”). The acquisition cost of E-Collate was \$430,000 and consideration comprised of an issue of equity, equity options and cash.

### **NOTE 21 EVENTS AFTER THE REPORTING DATE**

There has been no other matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group.

## DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Transcendence Technologies Limited, the Directors of the Company declare that:

- 1) the financial statements and notes, as set out on pages 16 to 36, are in accordance with the *Corporations Act 2001* and:
  - a. comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
  - b. give a true and fair view of the financial position as at 30 June 2017 and of the performance for the year ended on that date;
- 2) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- 3) the directors have been given the declarations required by s 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:



**Peter Wall**  
**Non-Executive Chairman**  
**31 August 2017**

**TRANSCENDENCE TECHNOLOGIES LIMITED**  
**ABN 57 096 781 716**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
TRANSCENDENCE TECHNOLOGIES LIMITED**

**SYDNEY**

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Fx: (612) 9263 2800

**Opinion**

We have audited the financial report of Transcendence Technologies Limited, which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Company.

In our opinion:

- (a) the accompanying financial report of the Transcendence Technologies Limited and its controlled entities is in accordance with the Corporations Act 2001, including:
  - i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the year ended on that date; and
  - ii. complying with Australian Accounting Standards and the Corporations Regulations 2001
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

**Basis of Opinion**

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the Auditor's responsibility section of our report. We are independent of the Company in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the year ended 30 June 2017. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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**TRANSCENDENCE TECHNOLOGIES LIMITED**  
**ABN 57 096 781 716**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
TRANSCENDENCE TECHNOLOGIES LIMITED**

| <b>Key Audit Matter</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <b>How Our Audit Addressed the Key Audit Matter</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Going Concern</b><br/>Refer to Note 1(g) Summary of Significant Accounting Policies-Going Concern.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <p>The consolidated financial statements have been prepared on a going concern basis, which contemplates continuity of normal trading activities and realisation of assets and settlement of liabilities in the normal course of business.</p> <p>The Consolidated Entity has incurred a net loss after tax of \$652,799 and net cash outflows used in operations of \$847,456 during the year ended 30 June 2017.</p> <p>The ability of the Consolidated Entity to continue as a going concern is dependent on the Consolidated Entity receiving revenues from the successful launch of E-Collates IT software platform and being able to raise additional funds as required to fund ongoing technology development and for working capital.</p> <p>The Consolidated Entity's cash flow forecast for the period to August 2018 indicates that the Consolidated Entity will have sufficient cash to continue the successful launch of E-Collate's software platform without raising additional funds.</p> <p>This matter was considered a Key Audit Matter because the company currently has no revenue stream, it is reliant on the roll out of E-Collates IT software platform and raising additional funds as and when required in order to continue as a going concern.</p> | <p>Our procedures included amongst others the following:</p> <ul style="list-style-type: none"> <li>• We obtained the cash flow forecast prepared by management for the period until 31 August 2018.</li> <li>• We assessed the underlying assumptions and inputs to the cash flow forecast.</li> <li>• We discussed the key assumptions used in the cash flow forecast with management.</li> <li>• We reviewed the appropriateness of the going concern disclosures in the financial statements.</li> </ul> |

**Other Information**

The directors are responsible for the other information. The other information comprises the information in the Company's annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.



**TRANSCENDENCE TECHNOLOGIES LIMITED**  
**ABN 57 096 781 716**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
TRANSCENDENCE TECHNOLOGIES LIMITED**

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the Directors for the Financial Report**

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australia Accounting Standards and the *Corporations Act 2001* and for such internal control as directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

**Auditor's Responsibility for the Audit of the Financial Report**

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

**TRANSCENDENCE TECHNOLOGIES LIMITED**  
**ABN 57 096 781 716**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
TRANSCENDENCE TECHNOLOGIES LIMITED**

- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**TRANSCENDENCE TECHNOLOGIES LIMITED**  
**ABN 57 096 781 716**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
TRANSCENDENCE TECHNOLOGIES LIMITED**

**Report on the Remuneration Report**

We have audited the remuneration report included in pages 8 to 13 of the directors' report for the year ended 30 June 2017. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

**Opinion**

In our opinion, the remuneration report of Transcendence Technologies Limited and its controlled entities for the year ended 30 June 2017 complies with s 300A of the Corporations Act 2001.

*H M Chadwick*

Hall Chadwick  
Level 40, 2 Park Street  
Sydney NSW 2000

*G Webb*

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**GRAHAM WEBB**  
Partner  
Date: 31 August 2017



## ASX ADDITIONAL INFORMATION

### Restriction on Shares

There are 3,842,806 ordinary shares subject to escrow as at 30 June 2017.

### Major Shareholders

As at 21 August 2017, the 20 largest holders of Ordinary Shares held 71,520,839 Shares equal to 41.17 percent of the total number of shares on issue.

| Major Shareholders                                      | A/C Designation               | Number of Shares  | %            |
|---------------------------------------------------------|-------------------------------|-------------------|--------------|
| SACCO DEVELOPMENTS AUSTRALIA PTY LIMITED                | <THE SACCO FAMILY A/C>        | 7,688,461         | 4.43         |
| TELL CORPORATION PTY LTD                                |                               | 7,500,000         | 4.32         |
| HEELMO HOLDINGS PTY LTD                                 | <ROWBOTTAM SUPER FUND A/C>    | 7,000,000         | 4.03         |
| RIMOYNE PTY LTD                                         |                               | 4,630,862         | 2.67         |
| RICHSHAM NOMINEES PTY LTD                               |                               | 4,600,000         | 2.65         |
| ALITIME NOMINEES PTY LTD                                | <HONEYHAM FAMILY A/C>         | 4,250,000         | 2.45         |
| WILLOWDALE HOLDINGS PTY LTD                             |                               | 4,000,000         | 2.30         |
| SISU INTERNATIONAL PTY LTD                              |                               | 3,500,000         | 2.01         |
| MR BOWEN PLUG                                           |                               | 3,333,334         | 1.92         |
| NORTH GATE CAPITAL PTY LTD                              | <NORTHGATE CAPITAL A/C>       | 3,300,000         | 1.90         |
| MR KEVIN DANIEL LEARY & MRS HELEN PATRICIA LEARY        | <KEVIN & HELEN LEARY S/F A/C> | 3,000,000         | 1.73         |
| NIGHTFALL PTY LTD                                       | <NIGHTFALL SUPER FUND A/C>    | 2,675,000         | 1.54         |
| MR DAVID CHARLES NEESHAM & MRS PAMELA CHRISTINE NEESHAM | <DC & PC NEESHAM SUPER A/C>   | 2,500,000         | 1.44         |
| CLAIRAUT INVESTMENTS PTY LIMITED                        |                               | 2,150,000         | 1.24         |
| DR SALIM CASSIM                                         |                               | 2,000,000         | 1.15         |
| SILVER KNIGHT HOLDINGS PTY LTD                          | GANDOSSI FAMILY               | 2,000,000         | 1.15         |
| ZERO NOMINEES PTY LTD                                   |                               | 2,000,000         | 1.15         |
| IMPRINT CAPITAL PARTNERS LTD                            |                               | 1,875,000         | 1.08         |
| BLUEKNIGHT CORPORATION PTY LTD                          |                               | 1,818,182         | 1.05         |
| MR ANTHONY ROBERT RAMAGE                                |                               | 1,700,000         | 0.98         |
| <b>Total</b>                                            |                               | <b>71,520,839</b> | <b>41.19</b> |

### Unmarketable Parcels

As at 25 August 2016 there were 363 holders of unmarketable parcels.

### Substantial Shareholders

As at 21 August 2017 the following shareholders were regarded as substantial shareholders:

| Holders                                                               | Number of Shares |
|-----------------------------------------------------------------------|------------------|
| There were no substantial holders of the Company as at 21 August 2017 | N/A              |

### Voting Rights of Shareholders

All fully paid ordinary shareholders are entitled to vote at any meeting of the members of the Company and their voting rights are on:

- show of hands – one vote per shareholder; and
- poll – one vote per full paid ordinary share.

## ASX ADDITIONAL INFORMATION

### Registered Office

Suite 4, Level 1  
11 Ventnor Avenue  
West Perth WA 6005

Telephone 08 6381 0054  
Fax 08 9481 4950

### Company Secretary

Ms Sarah Smith

### Share Registry

Link Market Services Pty Limited  
Level 12, QV1 Building  
250 St Georges Terrace  
PERTH WA 6000

Telephone 02 8280 7001  
Website <http://www.linkmarketservices.com.au/>

### Securities Exchange Listing

Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the Australian Securities Exchange Limited under Security Code TTL.

### Distribution of Shareholdings

As at 21 August 2017 the distribution of shareholdings was as follows:

| Range             | Number of holders | % of holders  | Number of shares   | % of shares   |
|-------------------|-------------------|---------------|--------------------|---------------|
| 100,001 and Over  | 187               | 28.25         | 161,989,410        | 95.36         |
| 10,001 to 100,000 | 127               | 19.18         | 7,684,966          | 4.52          |
| 5,001 to 10,000   | 10                | 1.51          | 81,827             | 0.05          |
| 1,001 to 5,000    | 38                | 5.74          | 97,217             | 0.06          |
| 1 to 1,000        | 300               | 45.32         | 24,443             | 0.01          |
|                   | <b>662</b>        | <b>100.00</b> | <b>169,877,863</b> | <b>100.00</b> |

## CORPORATE GOVERNANCE STATEMENT

| Principle                                                                                                                                                                  | Recommendations                                                                                                                                                                                          | Commentary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
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| <b>1. Lay solid foundations for management oversight:</b><br><br>Roles and responsibilities for board and management and how their performance is monitored and evaluated. | 1.1: Listed Entity should disclose:<br>(a) respective roles and responsibilities of its board and management; and<br>(b) those matters expressly reserved to the board and those delegated to management | <p>The Company is structured such that there are clearly defined roles, segregation of duties and responsibilities and approved levels of authority between the management and the governance of the Company. The Board has assumed responsibility for setting the overall corporate governance policy for the Company including determining the strategic direction, establishing policies and goals for management and monitoring the achievement of them. In addition, the Board will delegate responsibility for the day to day management of the company to the Chief Executive Officer and the senior executive team.</p> <p>The TTL Board charter can be found at Schedule 1 of the TTL Corporate Governance Plan that is located on the TTL website at <a href="http://www.tt-limited.com">www.tt-limited.com</a>.</p> <p>The key responsibilities of the Board will include:</p> <ul style="list-style-type: none"> <li>• setting the long-term strategy and annual business plan including objectives and milestones to be achieved;</li> <li>• evaluating capital, cash and operating risk budgets and making appropriate recommendations on an annual basis;</li> <li>• reviewing and approving the company's financial, strategic and operational goals and assessing key business developments as formulated by management in line with the objectives and goals set by the Board;</li> <li>• monitoring the performance of the company against the financial objectives and operational goals set by the Board and reviewing the implementation of Board approved strategies;</li> <li>• assessing the appropriateness of the skill sets and the levels of experience of the members of the Board, individually and as a whole and selecting new members to join the Board when a vacancy exists;</li> <li>• appointing, removing and determining the terms of engagement of the Directors, Chief Executive Officer and Company Secretary;</li> <li>• overseeing the delegation of authority for the day to day management of the company;</li> <li>• ensuring that the risk management systems, financial reporting and information systems, personnel, policies and procedures are all operating efficiently and effectively by establishing a framework of internal controls and compliance;</li> <li>• reviewing major contracts, goods or services on credit terms, acceptance of counter-party risks and issuing guarantees on behalf of the company;</li> <li>• approving the capital structure and major funding requirements of the company;</li> <li>• making recommendations as to the terms of engagement, independence and the appointment and removal of the external auditors;</li> <li>• setting the Code of Conduct for the company and ensuring that appropriate standards of corporate governance and ethics are effectively communicated throughout the company and complied with;</li> <li>• reviewing the adherence by each director to the Directors' Code of Ethics;</li> <li>• establishing policies to ensure that the company complies with the ASX Continuous Disclosure Policy;</li> <li>• approving the company's half year and full year reports to the shareholders, ASX and ASIC; and</li> <li>• ensuring that recruitment, retention, termination, remuneration, performance review and succession planning policies and procedures are in place and complied with.</li> </ul> |
|                                                                                                                                                                            | 1.2: Listed Entity should:<br>(a) undertake appropriate checks before appointing a person, or putting forward to                                                                                         | <p>Attached to the AGM Notice of Meeting for 2016 the following information will be included for all directors up for re-election:</p> <ul style="list-style-type: none"> <li>- Biographical details</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |

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|  | <p>security holders a candidate for election as a director: and</p> <p>(b) provide security holders with all material information in its possession relevant to a decision on if to elect or re-elect a director</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <ul style="list-style-type: none"> <li>- Other material directorships</li> <li>- If 1<sup>st</sup> election: <ul style="list-style-type: none"> <li>▪ Material adverse info</li> <li>▪ Interest/position/association that may influence or impact independent judgement</li> <li>▪ If board considers them independent</li> </ul> </li> <li>- If re-election: <ul style="list-style-type: none"> <li>▪ Term of office currently served</li> <li>▪ If board considers them independent</li> </ul> </li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|  | <p>1.3: A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <p>Appointment terms of the Company's directors and senior executives are summarised in written agreements.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|  | <p>1.4: The Company Secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the Board.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <p>The Company Secretary of TTL is Sarah Smith. Some of her responsibilities include:</p> <ul style="list-style-type: none"> <li>- Advise the Board on Corporate Governance matters,</li> <li>- Monitor that they follow policy and procedure,</li> <li>- Coordinate timely completion and despatch of board and committee papers,</li> <li>- Ensure business at meetings are accurately captured in minutes, and</li> <li>- Help organise and facilitate induction and professional development of directors.</li> </ul> <p>The Company's Secretary is accountable to the Company's Board through the Chair, ensuring the Company's Board receives adequate support to function properly. Each director is able to communicate directly with the Company Secretary and vice versa.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|  | <p>1.5: Listed Entity should:</p> <p>(a) Have a diversity Policy which includes requirements for Board/Committee to set measurable objectives for achieving gender diversity and assess them and achieving them annually</p> <p>(b) disclose that policy</p> <p>(c) disclose at end of reporting period how objectives are being achieved via:</p> <p>(i) respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how senior exec is defined); or</p> <p>(ii) if entity is a "relevant employer" under the Workplace Gender Equality Act, the entities most recent "Gender Equality Indicators" as defined in the Act.</p> | <p>The Company recognises that a diverse and talented workforce is a competitive advantage and that the Company's success is the result of the quality and skills of our people. As such, the Board has adopted a Diversity Policy which can be found in schedule 9 of TTL's Corporate Governance Plan which can be viewed at the TTL website <a href="http://www.tt-limited.com">www.tt-limited.com</a>. The Policy is to recruit and manage on the basis of qualification for the position and performance, regards of gender, age, nationality, race, religious beliefs, cultural background, sexuality, marital status or physical ability. It is essential that the Company employs the appropriate person for each job and that each person strives for a high level of performance.</p> <p>The Board is responsible for monitoring Company performance in meeting the Diversity Policy requirements and achieving these objectives in the future as director and senior executive positions become vacant and appropriately qualified candidates become available.</p> <p>Other than as described above, the Company has not yet set measurable objectives for achieving gender diversity. The Company is currently not of a size that justifies the establishment of measurable diversity objectives. As the Company develops, the Board will seek to develop a reporting framework in the future to report the Company's progress against the objectives and strategies for achieving a diverse workplace which can be used as a guide to be used by the Company to identify new Directors, senior executives and employees.</p> <p>An executive office holding below the Board level, this being the position of Company Secretary and Financial Accountant, is held by a female contractor to the Company.</p> |
|  | <p>1.6: A listed entity should:</p> <p>(a) have and disclose a process for periodically</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <p>A copy of the Board Performance Evaluation Process can be found in Schedule 5 of the Corporate Governance Plan which can be found on the Company's website <a href="http://www.tt-limited.com">www.tt-limited.com</a>.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |

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|                                                                                                                                                                                                            | <p>evaluating the performance of the Board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <p>The Board has developed an informal process for performance evaluation whereby the performance of all directors is reviewed regularly by the Chair. The Board as a whole may then hold a facilitated discussion during which each Board member has the opportunity to raise any matter, suggestion for improvement or criticism with the Board as a whole. The Chair of the Board may also meet individually with each Board member to discuss their performance. Non-executive directors may also meet to discuss the performance of the Chair or the Managing Director. Directors whose performance is consistently unsatisfactory may be asked to retire.</p> <p>There were no formal performance evaluations for the Board or its directors undertaken during the reporting period. Going forward however, it is the Company's intention that all Directors will receive annual individual performance evaluations in accordance with the Board Charter and Performance Evaluation Policy.</p>                                                                                   |
|                                                                                                                                                                                                            | <p>1.7: A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <p>The performance of senior executives are reviewed regularly by the Chairman. The Chairman conducts performance evaluations which involve an assessment of each senior executive's performance against specific and measurable qualitative and quantitative performance criteria. The performance criteria against which executives are assessed is aligned with the financial and non-financial objectives of TTL. Primarily, the review will be carried out through consultation by the Chairman and with individual executives. Executives whose performance is consistently unsatisfactory may be asked to resign.</p> <p>There were no Executive Directors on the Board during the period and therefore, no formal performance evaluations for Executive Directors were undertaken during the reporting period. As the Company develops and if an Executive Director is appointed, it is the Company's intention that all Executive Directors will receive annual individual performance evaluations in accordance with the Board Charter and Performance Evaluation Policy.</p> |
| <p><b>2. Structure the Board to add value:</b></p> <p>A listed entity should have a board of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively.</p> | <p>2.1 The board of a listed entity should:</p> <p>(a) Have a nomination committee which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director; and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(iv) as at the end of each reporting period, the number of times the committee met through the period and the individual attendances of the members at those meetings; or</p> <p>(b) If it does not have a nomination committee disclose that fact and the processes it employs to address board succession issue and to ensure that the board has the appropriate balance of skills, knowledge experience, independence and diversity to enable it to discharge its</p> | <p>The Company does not comply with ASX Recommendation 2.1. TTL's Board is not of a relevant size to consider formation of a separate nomination committee to deal with the selection and appointment of new Directors or executives and as such a nomination committee has not been formed.</p> <p>Nominations of new Directors or executives are considered by the full Board. If any vacancies arise on the Board or at executive level, all directors are involved in the search and recruitment of a replacement. The Board has taken a view that the full Board will hold special meetings or sessions as required. The full Board also assesses its balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p> <p>The Board are confident that this process for selection and review is stringent and full details of all Directors are provided to shareholders in the annual report.</p>                                                                                                  |



|  |                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
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|  | duties and responsibilities effectively.                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|  | 2.2: A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership. | Given the current size and stage of development of the Company the Board has not yet established a formal board skills matrix. Gaps in the collective skills of the Board are regularly reviewed by the Board, with the Board proposing candidates for directorships for consideration having regard to the desired skills and experience required by the Company as well as the proposed candidates' diversity of background. Where there are known skills shortage, these skills have been successfully outsourced to experienced consultants in the market, to the point where the Board is comfortable they are being met. |

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|               | <p>2.3: A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors</p> <p>(b) if a director has an interest, position, association or relationship as described in Box 2.3 (Factors relevant to assessing independence) but the board is of the opinion that it doesn't compromise the independence of the director, nature of the interest, position, association or relationship and an explanation as to why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p> | <p>The Company recognises that independent directors are important in assuring shareholders that the Board is properly fulfilling its role and is diligent in holding senior management accountable for its performance. The Board assesses each of the directors against specific criteria to decide whether they are in a position to exercise independent judgment.</p> <p>Directors of TTL are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement.</p> <p>In making this assessment, the Board considers all relevant facts and circumstances. Relationships that the Board will take into consideration when assessing independence are whether a Director:</p> <ul style="list-style-type: none"><li>• is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;</li><li>• is employed, or has previously been employed in an executive capacity by the Company or another Company member, and there has not been a period of at least three years between ceasing such employment and serving on the Board;</li><li>• has within the last three years been a principal of a material professional advisor or a material consultant to the Company or another Company member, or an employee materially associated with the service provided;</li><li>• is a material supplier or customer of the Company or other Company member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; or</li><li>• has a material contractual relationship with the Company or another Company member other than as a Director.</li></ul> <p>The Board of Transcendence Technologies Limited consist of:</p> <table><tr><td><b>Name</b></td><td><b>Term in Office</b></td></tr><tr><td>Edwin Bulseco</td><td>Since 8 June 2016</td></tr><tr><td>Jeremy King</td><td>Since 8 June 2016</td></tr><tr><td>Peter Wall</td><td>Since 6 October 2015</td></tr></table> <p>The Board of TTL consider Jeremy King and Edwin Bulseco independent directors.</p> | <b>Name</b> | <b>Term in Office</b> | Edwin Bulseco | Since 8 June 2016 | Jeremy King | Since 8 June 2016 | Peter Wall | Since 6 October 2015 |
| <b>Name</b>   | <b>Term in Office</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |             |                       |               |                   |             |                   |            |                      |
| Edwin Bulseco | Since 8 June 2016                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |             |                       |               |                   |             |                   |            |                      |
| Jeremy King   | Since 8 June 2016                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |             |                       |               |                   |             |                   |            |                      |
| Peter Wall    | Since 6 October 2015                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |             |                       |               |                   |             |                   |            |                      |

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|                                                                                                                                                                                                          | 2.4: A majority of the Board of a listed entity should be independent directors.                                                                                                                                                                                                                                                                                                                                                                                                                                           | The Board is currently comprised of three non-executive Directors, two are independent.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|                                                                                                                                                                                                          | 2.5: The Chair of a Board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.                                                                                                                                                                                                                                                                                                                                                                 | <p>The Chairman of the Board, Mr Peter Wall is not an independent director, however the Board considers Mr Wall's wide commercial and technical experience will assist the Company in meeting its corporate objectives.</p> <p>It is noted that the Company's board composition is not in keeping with the commentary and guidance to Best Practice Recommendation 2.5, however, the Board has determined that there are sufficient appropriate alternative governance measures in place to ensure that non-compliance with the recommendations does not give rise to undue risk or other material concerns relating to the management and oversight of the Company.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|                                                                                                                                                                                                          | 2.6: A listed entity should have a program for inducing new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.                                                                                                                                                                                                                                                                 | <p>The Company has an in-formalised program for the induction of new Directors. This induction covers all aspects of the Company's operations including the provision of information and meetings with relevant senior executives so as to ensure that new Directors are able to fulfil their responsibilities and contribute to Board discussions.</p> <p>Existing Directors are encouraged to participate in appropriate professional development opportunities to develop and maintain the skills and knowledge needed to perform their role as a Director. The Chairman of the Board of TTL assesses individual Board members skills during the performance review of each director. Any training or skill gaps identified are tabled to the Board to consider options to fill gaps identified.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                              |
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| <b>3. Act Ethically and Responsibly:</b><br><br>A listed entity should act ethically and responsibly.                                                                                                    | 3.1 A listed entity should:<br>(a) Have a code of conduct for its directors, senior executives and employees; and<br>(b) disclose that code of conduct or a summary of it.                                                                                                                                                                                                                                                                                                                                                 | <b>Code of Conduct &amp; Ethics</b><br>The company has a Code of Conduct, which sets the standards in accordance with which each director, manager and employee of the company is expected to act. The code is communicated to all levels of the company and deals with areas such as professional conduct, customers/consumers, suppliers, advisers/regulators, competitors, the community and the employees. This can be found in schedule 2 of the TTL Corporate Governance plan which is on the TTL website at <a href="http://www.ttl-limited.com">www.ttl-limited.com</a> .                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>4. Safeguard Integrity in corporate reporting:</b><br><br>A listed entity should have formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting. | 4.1 The board of a listed entity should:<br>(a) have an audit committee which:<br>(i) has at least 3 members, all of whom are non-executive directors and a majority of whom are independent directors; and<br>(ii) is chaired by an independent director, who is not the chair of the board;<br>And disclose:<br>(iii) the charter of the committee<br>(iv) the relevant qualifications and experience of the member of the committee; and<br>(v) in relation to each reporting period, the number of times the committee | <p>Given the size and scale of the Company's operations the full Board undertakes the role of the Audit Committee. The Audit Committee does not comply with ASX Recommendation 4.1 as the Chair of the Board is Chair of the Audit Committee, and during the whole of the financial year, did not comprise only independent Directors. The role and responsibilities of the Audit Committee are summarised below.</p> <p>The Audit Committee is responsible for reviewing the integrity of the Company's financial reporting and overseeing the independence of the external auditors. The Board sets aside time to deal with issues and responsibilities usually delegated to the Audit Committee to ensure the integrity of the financial statements of the Company and the independence of the auditor.</p> <p>The Board reviews the audited annual and half-year financial statements and any reports which accompany published financial statements and recommends their approval to the members. The Board also reviews annually the appointment of the external auditor, their independence and their fees.</p> <p>The Board is also responsible for establishing policies on risk oversight and management. The Company has not formed a</p> |

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|  | <p>met throughout the period and the individual attendances of the member at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p> | <p>separate Risk Management Committee due to the size and scale of its operations.</p> <p><i>External Auditors</i></p> <p>The Company's policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs. It is Hall Chadwick's policy to rotate engagement partners on listed companies at least every five years.</p> <p>An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in the notes to the financial statements in the Annual Report.</p> <p>There is no indemnity provided by the Company to the auditor in respect of any potential liability to third parties.</p> <p>The external auditor is requested to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and preparation and content of the audit report.</p> <p>Non-audit services provided by the auditors during the year are detailed in the financial statements.</p> <p>The Board continues to strive to meet the ASX Corporate Governance Principles and Recommendations or other such principles and guidance as the Board may consider appropriate from time to time, however the Board also recognises that complying with the ASX Corporate Governance Principles and Recommendation 4.1 is impractical given the size of the Company and the industry in which it operates. The board consists of three (3) members and therefore the Directors believe, it is sufficient for the full board to assume those responsibilities that are ordinarily assigned to an Audit Committee.</p> |
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|  | <p>4.2: The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p> | <p>The Chief Executive Officer (and in the absence of a CEO, the Chairman) and Chief Financial Officer, or equivalent, provide to the Board written certification that in all material respects:</p> <ul style="list-style-type: none"> <li>(a) The Company's financial statements present a true and fair view of the Company's financial condition and operational results and are in accordance with relevant accounting standards;</li> <li>(b) The statement given to the Board on the integrity of the Company's financial statements is founded on a sound system of risk management and internal compliance and controls which implements the policies adopted by the Board; and</li> </ul> <p>The Company's risk management an internal compliance and control system is operating efficiently and effectively in all material respects.</p> <p>As a matter of process, the TTL Board receive this certification from the CEO and CFO, or those within the entity that perform the duties of the CEO and CFO, outlining compliance with Principle 4.2 before the finalisation of any financial statements.</p> |
|  | <p>4.3: A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit</p>                                                                                                                                                                                                                                                                                                                                                                                                    | <p>As disclosed above at 4.1 above the external auditor is requested to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and preparation and content of the audit report.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |

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| <p><b>5. Make Timely and Balanced Disclosure:</b></p> <p>A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.</p> | <p>5.1 A listed entity should:</p> <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it</p> | <p>Historically, the Company's market disclosure policy is to ensure that shareholders and the market are fully informed of the Company's strategy, performance and details of any information or events that could be material to the value of the Company's securities. The Company is committed to ensuring that all information that may have a material impact on the Company's share value is disclosed to the market in a timely and balanced manner. Please refer to the continuous disclosure policy at Schedule 6 of the Corporate Governance plan found on TTL's website at <a href="http://www.tt-limited.com">www.tt-limited.com</a>.</p> <p>The Chief Executive Officer (and in the absence of a CEO, the Chairman) and the Company Secretary, in consultation with the Board, are responsible, for the review, authorisation and disclosure of information to the ASX and for overseeing and coordinating information disclosures to the ASX, shareholders, brokers, analysts, the media and the public.</p> <p>The Company ensures that it also complies with the requirements of the Listing Rules of the Australian Securities Exchange ("ASX") and the Corporations Act in providing information to shareholders through:</p> <ul style="list-style-type: none"> <li>• The half-yearly report to the ASX;</li> <li>• The Annual Report which is distributed to the ASX and to shareholders prior to the AGM;</li> <li>• The AGM and other meetings called to obtain approval from shareholders where appropriate;</li> <li>• Ad-hoc releases to the ASX as required under the ASX Listing Rules.</li> </ul> |
| <p><b>6. Respect the Rights of Security Holders:</b></p> <p>A listed entity should respect the rights of its security holders by providing them with appropriate information and facilities to allow them to exercise those rights effectively.</p>           | <p>6.1 A listed entity should provide information about itself and its governance to investors via its website.</p>                                                                                          | <p>TTL has a website found at <a href="http://www.tt-limited.com">www.tt-limited.com</a>, where there are links to directors and their details, constitution, Corporate Governance Plan that includes (charters and Corporate Governance policies). Also included are links to all financial reports, ASX announcements, notice of meeting's.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|                                                                                                                                                                                                                                                               | <p>6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p>                                                           | <p>The Company has established a Shareholder Communications Strategy which underpins the investor relations program. A copy of this strategy can be found in schedule 10 of the Corporate Governance plan that can be found on the Company's website <a href="http://www.tt-limited.com">www.tt-limited.com</a>.</p> <p>The Board's policy is to seek to inform shareholders of all major developments affecting the Company by allowing investors and other financial market participants to gain a greater understanding of the entity's business, governance, financial performance and prospects.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|                                                                                                                                                                                                                                                               | <p>6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</p>                                             | <p>The Company has policies and procedures that enable shareholders to receive the reports and participate in shareholder meetings by attendance or by written communication. The Board seeks to notify all shareholders so they can be fully informed for voting at the Annual General Meeting or any General Meetings that arise. Shareholders who have made an election receive a copy of the Company's Annual Report by mail; otherwise, the Annual Report is available on the Company's website.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |

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|                                                                                                                                                                             | 6.4 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | The Company has the capability to communicate with shareholders electronically through its website, email communications and via the share registry. Electronic contact details are provided on the Company's website.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
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| <b>7. Recognise and Manage Risk:</b><br><br>A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework. | 7.1 The board of a listed entity should:<br>(a) have a committee or committees to oversee risk, each of which:<br>(i) has at least three members, a majority of whom are independent directors; &<br>(ii) is chaired by an independent director, and disclose:<br>(iii) the charter of the committee;<br>(iv) the members of the committee; and<br>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or<br>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework. | The Company's risk management framework is designed to identify, assess, monitor and manage material business risks, both financial and non-financial, to minimise their impact on the achievement of organisational goals.<br><br>As no member has been appointed to the Audit & Risk Management Committee, the board is responsible for reviewing and ratifying the system of risk management, internal compliance and control, codes of conduct and legal compliance. Please refer to the Board Charter (Schedule 1), Corporate code of conduct (Schedule 2) and the audit and risk committee charter (Schedule 3) found in the Corporate Governance plan at TTL's website at <a href="http://www.tt-limited.com">www.tt-limited.com</a> .<br><br>Historically, the Board delegates to the Chief Executive Officer (and in the absence of a CEO, the Chairman) and the Chief Financial Officer the responsibilities for the establishment, implementation and maintenance of the system of risk management including measures of its effectiveness.                                                                                                         |
|                                                                                                                                                                             | 7.2 The board or a committee of the board should:<br>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and<br>(b) disclose, in relation to each reporting period, whether such a review has taken place.                                                                                                                                                                                                                                                                                                                                                                                                                                             | The Board is responsible for reviewing the Company's risk management framework. Risk framework reviews may occur more or less frequently than annually as necessitated by changes in the Company and its operating environment. A risk framework review has not taken place during the transitional financial year ended 30 June 2017.<br><br>A copy of the risk management policy can be found in Schedule 7 of the Corporate Governance plan found at the TTL website at <a href="http://www.tt-limited.com">www.tt-limited.com</a> .<br><br>The Chief Executive Officer (and in the absence of a CEO, the Chairman) and the Chief Financial Officer are required to make a declaration in accordance with section 295A of the Corporations Act that the Company's financial reports present a true and fair view in all material respects of the Company's financial condition and operational results and are in accordance with relevant accounting standards, and to provide assurance that the declaration is founded on a sound system of risk management and internal control, and that the system is operating effectively in all material respects. |
|                                                                                                                                                                             | 7.3 A listed entity should disclose:<br>(a) if it has an internal audit function, how the function is structured and what role it performs; or<br>(b) if it does not have an internal audit function, that fact and the processes it employs for                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | The Company does not have a formal internal audit function. The Board monitors the need for an internal audit function having regard to the size, geographic location and complexity of the Company's operations.<br><br>The Company's Management periodically undertakes an internal review of financial systems and processes and where systems are considered to require improvement these systems are developed. The Board also considers external reviews of specific areas and monitors the implementation of system improvements.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |

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|                                                                                                                                                                                                                                                                                                                                                 | evaluating and continually improving the effectiveness of its risk management and internal control processes.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|                                                                                                                                                                                                                                                                                                                                                 | 7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | The Audit and Risk Committee Charter requires the Audit and Risk Committee (or in its absence the Board) to assist management to determine whether the Company has any material exposure to economic, environmental and social sustainability risks, and, if it does, how it manages or intends to manage those risks. As such, the Company has some minor exposure to the general economic conditions as far as the capital markets are concerned and no exposure to social or environmental risks                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>8. Remunerate Fairly and Responsibly:</b><br><br>A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders. | 8.1 The board of a listed entity should:<br>(a) have a remuneration committee which:<br>(i) has at least three members, a majority of whom are independent directors; and<br>(ii) is chaired by an independent director, and disclose:<br>(iii) the charter of the committee;<br>(iv) the members of the committee; and<br>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or<br>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive. | The role of a Remuneration Committee is to assist the Board in fulfilling its responsibilities in respect of establishing appropriate remuneration levels and incentive policies for employees.<br><br>The Board has not established a separate Remuneration Committee due to the size and scale of its operations. This does not comply with Recommendation 8.1 however the Board as a whole takes responsibility for such issues.<br><br>The Company's remuneration policy is disclosed in Schedule 4 of the Corporate Governance plan that can be found at TTL's website at <a href="http://www.tt-limited.com">www.tt-limited.com</a> . The policy has been set out to ensure that the performance of Directors, key executives and staff reflect each person's accountabilities, duties and their level of performance, and to ensure that remuneration is competitive in attracting, motivating and retaining staff of the highest quality. A program of regular performance appraisals and objective setting for key executives and staff is in place. These annual reviews take into account individual and company performance, market movements and expert advice.<br><br>The Board determines any changes to the remuneration of key executives on an annual basis.<br><br>The Board determines and reviews compensation arrangements for the directors and the executive team. |
|                                                                                                                                                                                                                                                                                                                                                 | 8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | At this stage TTL does not have any executive directors or senior executives.<br><br>The Company's remuneration policy is disclosed in the Directors' Report. The policy has been set out to ensure that the performance of Directors, key executives and staff reflect each person's accountabilities, duties and their level of performance, and to ensure that remuneration is competitive in attracting, motivating and retaining staff of the highest quality. A program of regular performance appraisals and objective setting for key executives and staff is in place. These annual reviews take into account individual and company performance, market movements and expert advice.<br><br>The Board determines any changes to the remuneration of key executives on an annual basis.<br><br>The Board determines and reviews compensation arrangements for the directors and the executive team.                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|                                                                                                                                                                                                                                                                                                                                                 | 8.3 A listed entity which has an equity-based remuneration scheme should:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | The Company does not have an equity based remuneration scheme in place.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

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|  | (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and<br>(b) disclose that policy or a summary of it. |  |
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